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PROPERTY MANAGEMENT  
IN LOS ANGELES COUNTY GOVERNMENT

Economy and Efficiency Commission  
Task Force on Decision-Making and Organization  
December, 1986

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Attachment

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SYNOPSIS



PROPERTY MANAGEMENT IN LOS ANGELES COUNTY GOVERNMENT

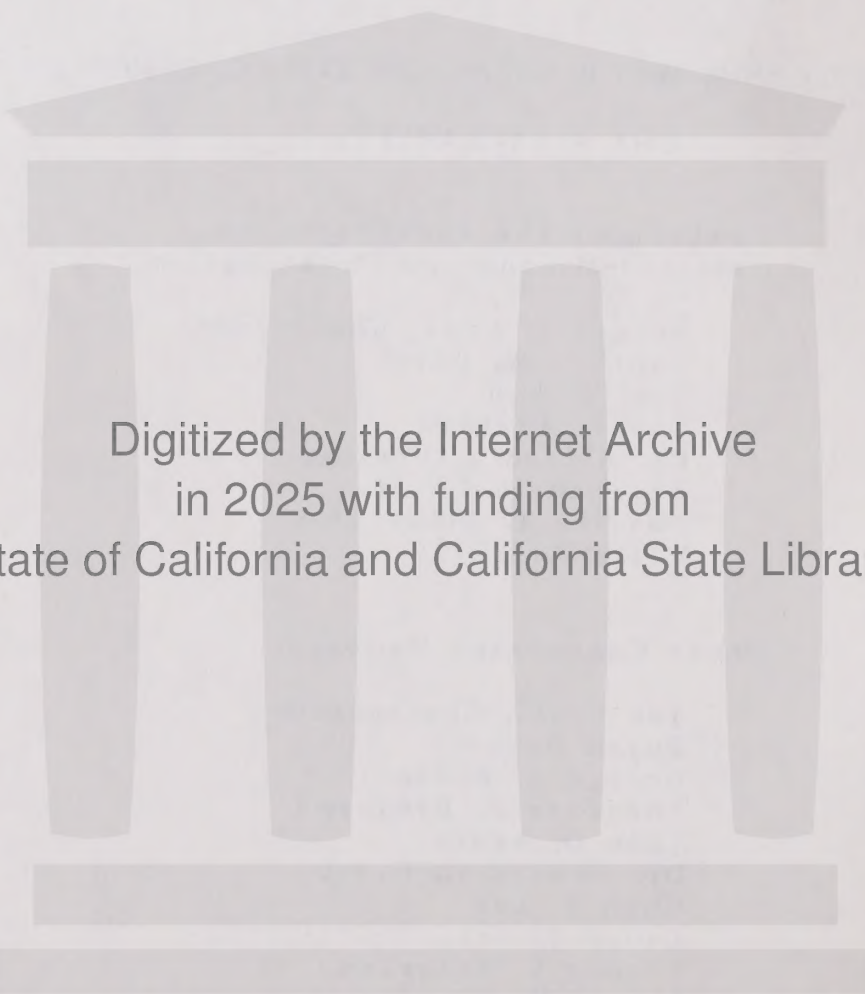
December, 1986

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## SYNOPSIS

### PROPERTY MANAGEMENT IN LOS ANGELES COUNTY GOVERNMENT

The subject of this report is the organization of property management functions in Los Angeles County government. By property management we mean all those programs of the Board of Supervisors which provide housing for county public services. It therefore ranges from the planning and finance needed to acquire real property to the construction work needed to build, maintain, operate and repair structures and building equipment. It also includes such support functions as risk management and security.

This report evaluates part of the county's implementation of the program we recommended to restructure the county, as adopted by the Board of Supervisors in 1983.

The Board of Supervisors manages a physical plant of significant size, complexity and cost. It consists of 39 million square feet in 750 major facilities. The County has invested \$2.1 billion during the last 25 years alone,



excluding roads, flood channels and other assets which support the general regional economy. Additions amounting to \$315 million are planned for the current year, and \$800 million is anticipated within five years. Annual operating costs exceed \$400 million.

In 1985, the Board of Supervisors took a significant step in the direction of unifying its property management functions by consolidating the Building Services, Communications, Facilities (County Engineer), and Mechanical Departments into a single Facilities Management Department. For the first time in the county, this action linked planning, building design and construction, and leased facility acquisition with operations and maintenance in a single organization.

The new department has been successful in formulating an organizational plan, integrating the administration and operations of the four units, improving its ability to deliver services, and reducing some costs of management. We believe that the improvements initiated by the new department should be continued, with some refinements. This is the subject of our second recommendation. The supporting detail is in Section III of the report.



However, the Board, in creating the Facilities Management Department, did not complete the necessary structural reform. As created, the new Facilities Management Department continues to perform such functions as fleet maintenance, mail and messenger service, and others which are not relevant to the overall property management responsibility, and therefore act as a drag on management attention.

More important, property management is not fully unified. It is fragmented between the Chief Administrative Office (CAO) and the new Facilities Management Department. In particular, both the CAO and the Facilities Management Department perform roles and commit resources to space management, capital project planning and execution, and energy management. In addition, the CAO controls policy in such areas as insurance and risk management, which are affected by project design and should form an integral part of any property planning. Most important, the CAO, through the overall responsibility for county budgets, controls the basis for strategic planning of the physical plant and the resource levels for its maintenance.



We found that in performing their respective roles both departments do identical work. They confer with personnel of tenant departments, visit and inspect sites, identify alternatives, and track costs and schedules. The boundaries between layers of administrative coordination and project execution are unclear.

Most important, neither department is subordinate to the other. Although the departments communicate and coordinate their activities, they are autonomous. Both report directly and independently to the Board.

Accountability for results is unassignable in such a system. The opportunities for weak performance are nearly limitless. In effect, the county has a capital improvements program of \$800 million with no one in charge.

From the early 1970's to the present, the county has experienced crisis-level problems with projects such as Martin Luther King Hospital, the Central Jail, the Criminal Courts Building, Olive View Hospital and the co-generation plant. The county's problems in this area are chronic and are not due to anyone's individual performance. The county will continue to manage from crisis to crisis until the structural defects are corrected.



The central conclusion of our current study of the county's property management system applies precisely the same points as our 1983 study of county organization:

- The CAO has no efficacious authority to implement policy or organizational changes for any department of the county except his own.
- A strategy of simply merging existing departments which incorporate mismatched functions is defective.

The structural weaknesses in the current system will surely lead to trouble in the execution of the county's \$800 million expansion, just as they have led to trouble in the past. The best time to correct the structural defects is now, before new crises emerge.

In our view, the most effective correction of the weaknesses in the property management system will be to consolidate the Facilities Management Department into the CAO. In this way, the Board of Supervisors can make the CAO more genuinely an administrative officer within the framework of the current Charter and laws. This is the subject of our first recommendation. The supporting detail is in Section II of the report.







PROPERTY MANAGEMENT IN LOS ANGELES COUNTY GOVERNMENT

December, 1986

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## PREFACE

On September 13, 1983, the Board of Supervisors adopted our Commission's report and recommendations, Decision-Making and Organization in Los Angeles County Government, assigned lead responsibility for implementation to the Chief Administrative Officer (CAO), and asked us to monitor implementation progress. In September 1984, effective January 1985, the Board consolidated the facilities management functions of the Building Services, Communications, Facilities (County Engineer), and Mechanical departments into a Facilities Management Department (FMD).

This report is the third in our series reviewing the county's progress in implementing the overall program as adopted by the Board. In this report, we focus on the structure the Board of Supervisors has implemented to manage its facilities program. Nothing in our report should be construed as an assessment of any individual's performance. Our findings include significant accomplishments since consolidation of Facilities Management. Our recommendations are directed toward future improvement in the county's overall real property management functions, which include facilities management.

In conducting our review, we met on several occasions with George Y. Tice, Director of Facilities Management, and with representatives of the CAO. We wish to thank both departments for their full cooperation in supplying the information we needed during our review.

The first section contains a summary of our findings and recommendations. The second contains a more detailed discussion of the costs of the county's property management functions, their structure, and the need for change. The third section contains a more detailed discussion of the progress to date in implementing the Board's 1984 order to create a consolidated Department of Facilities Management.



## OVERVIEW

### PROPERTY MANAGEMENT IN LOS ANGELES COUNTY GOVERNMENT

The subject of this report is the organization of property management functions in Los Angeles County government. By property management we mean all those programs of the Board of Supervisors which provide housing for county public services. It therefore ranges from the planning and finance needed to acquire real property to the construction work needed to build, maintain, operate and repair structures and building equipment. It also includes such support functions as risk management and security.

We are submitting our report on this subject at this time as part of our overall responsibility to evaluate the results of the county's implementation of the program we recommended to restructure the county, as adopted by the Board of Supervisors late in 1983.

The Board of Supervisors manages a physical plant of significant size and complexity. It consists of 39 million square feet in 750 major facilities. The County has invested \$2.1 billion in the last 25 years alone, excluding roads, flood channels and other assets which support the general regional economy. Additions amounting to \$315 million are planned for the current year, and \$800 million is anticipated within five years. Annual operating costs exceed \$400 million.

The management of a system of this scope requires unified, focused, single-minded management attention. In 1985, the Board of Supervisors took a significant step in the direction of unifying its property management functions by consolidating the Building Services, Communications, Facilities (County Engineer), and Mechanical Departments into a single Facilities Management Department. For the first time in the county, this action linked planning, building design and construction, and leased facility acquisition with operations and maintenance in a single organization accountable to the Board of Supervisors.

The new department has been successful in formulating an organizational plan, integrating the administration and operations of the four units, improving its ability to deliver services, and reducing some of the costs of management.

In particular, we expect the assignment of Building Complex Managers in each major facility, together with the centralization of planning, scheduling, and budgeting to produce major efficiencies within a few years. Some improvement has already occurred. In those areas where it has implemented a pilot program, the new department has found improved client satisfaction among operations managers of the departments occupying the facilities included in the pilot. Based on this and our other findings, we believe that the work should be continued, with some refinements, as initiated by the Facilities Management Department to form the new consolidated department. This is the subject of our second recommendation. The supporting detail is in Section III of the report.

However, it is also true that the Board, in creating the Facilities Management Department, did not complete the necessary structural reform.

As created, the new Facilities Management Department does not provide for focused, single-minded attention to property management. It continues to perform such functions as fleet maintenance, mail and messenger service, and others which are not relevant to the overall property management responsibility, and therefore act as a drag on management attention.

More important, property management is not fully unified. It is fragmented between the Chief Administrative Office (CAO) and the new Facilities Management Department. In particular, both the CAO and the Facilities Management Department perform roles and commit resources to space management, capital project planning and execution, and energy management. In addition, the CAO controls policy in such areas as insurance and risk management, which are affected by project design and should form an integral part of any property planning. Most important, the CAO, through the overall responsibility for county budgets, controls the programs, plans and operations of every county

department: that is, the CAO controls the basis for strategic planning of the physical plant and the resource levels for its maintenance.

County officials tend to tolerate fragmentation of roles and responsibilities by defining them as multi-layered. They say, in the case of project management, that the CAO's role is that of "Project Administrator", while the Facilities Management Department's role is that of "Construction Project Manager". Similarly, they claim the division of responsibility is not duplicative in the case of space management. The Facilities Management people maintain a space inventory and move things around while the CAO mediates among competing departments and decides how to allocate space.

We found, however, that in performing their respective roles both do identical work. They confer with personnel of tenant departments, visit and inspect sites, identify alternatives, and track costs and schedules. The boundaries between layers of administrative coordination and project execution are unclear.

Most important, although the departments communicate and coordinate their activities, they are autonomous; neither department is subordinate to the other. Both report directly and independently to the Board of Supervisors.

Accountability for results is unassignable in such a system. The opportunities for weak performance are nearly limitless. In effect, the county has a capital improvements program of \$800 million with no one in charge.

As we stressed in our 1983 report leading to reorganization, many of the county's problems must be attributed more to weaknesses in its structure and to the formal relationships among the Board, CAO, and departments than to the performance of individuals. In property management, the case of Olive View Hospital is a good example. Design deficiencies have rendered it non-functional. It is still not fit for occupancy, almost nine months after dedication, because of defects introduced during modifications at some point over the past decade. None of the individuals now in key positions in the CAO or Facilities

Management are responsible. They did not hold their positions at the time the defects were introduced; nor was the Board of Supervisors the same at the time. Similarly, while the co-generation project appears to be back on track, it too came close to collapse. In the early 1970's, the county experienced crisis-level problems with Martin Luther King Hospital, the Central Jail, and the Criminal Courts Building. Regardless of the example, our point is that the county's problems in this area are chronic. What is true of the Olive View example is true of any example: no one is accountable because no one is in charge of a sufficiently large element of the overall program to be held accountable. The county will continue to manage from crisis to crisis until the structural defects are corrected.

In our 1983 recommendations, we emphasized the need to pursue three objectives as part of a comprehensive, systematic approach to restructuring the county's system of departments and reforming its decision-making processes. They are:

- to clarify the formal relationships among the Board, the CAO and departments,
- to reduce the number of separate county departments by consolidating and reorganizing county programs into a system of fewer departments,
- to standardize county processes governing business and support in such areas as personnel, payroll, inventory management, procurement, and distribution.

Throughout, we stressed two central points:

- Although the CAO may appear to be a manager of county operations, no CAO has ever accepted accountability for that role. The Charter does not permit the CAO to appoint officials for whose performance he would be accountable. Therefore, the CAO has no efficacious authority to implement policy or organizational changes for any department of the county except his own.
- A strategy of simply merging county departments into agencies would be defective. Since existing departments already incorporated mismatched functions, so would the new, merged agencies.

The central conclusion of our current study of the county's property management system applies precisely the same points. The structural weaknesses in the current system will surely lead to trouble in the execution of the county's emerging expansionary stage, just as they have led to trouble in the past. The best time to correct the structural defects is now, before new crises emerge.

In our view, the most effective correction of the weaknesses in the property management system will be to consolidate the Facilities Management Department into the CAO. In this way, the Board of Supervisors can make the CAO more genuinely an administrative officer within the framework of the current Charter and laws. This is the subject of our first recommendation. The supporting detail is in Section II of the report.



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## SECTION I: SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The subject of this report is the organization of the Board's property management function. In this section, the task force explains the significance of this function and summarizes its conclusions and recommendations. Subsequent sections describe the current system in some detail.

As of June 30, 1985, the book value of land, structures and improvements managed by the Los Angeles County Board of Supervisors was \$2.1 billion, excluding the value of roads, flood channels and other infrastructure supporting the regional economy. The county's physical plant comprises 750 major facilities including more than 4000 structures of all kinds. Over 20 million square feet of this plant is county-owned. Last fiscal year the Board spent \$90 million on capital improvements and additions. In addition, this year the Board has budgeted \$104 million in rents, \$315 million in capital improvements and additions, \$120 million in utilities and telephone services, and \$180 million on facilities operations and maintenance. Because of the expansion in capital projects, the Facilities Management Department is requesting \$32 million for additional positions over the next four years.

The graphs in Figure 1 on Page 3 summarize the twenty-five year history of expansion and management of the county's plant. During the period 1963 to the present:

- the Board of Supervisors and others in cooperation with it invested \$1.7 billion in capital projects for the housing of local programs;
- the county population increased by 23% from 6.5 million to 8.0 million;
- the Board nearly doubled the size of the county workforce from 44,000 in 1963 to 86,000 in 1976, then decreased and stabilized it to the present level of 75,000;
- the annual budgeted costs of the Board's facilities management programs increased by a factor of 6.0 from \$397 per county employee to \$2400 per employee (almost twice as fast as the Consumer Price Index);

- the total annual expenditure for all costs of facilities operations, including management, maintenance, improvements, rent, utilities and damages, has increased by a factor of 7.6 from \$710 to \$5400 per county employee.

Property management includes the planning, financing, acquisition, development, construction, operation, maintenance, allocation, and disposition of real property. We do not separate building operation and maintenance from the function. Risk management, life-cycle costs, maintainability and operating efficiency are too closely related to building location and design. However, property management does not usually include fleet maintenance, telephone system analysis, telecommunications engineering and mail service.

At present, the Board manages its plant and its capital improvements program through the structure summarized in Figure 2 on Page 4.

The structure is seriously deficient for managing property development and facility operations programs on the scale of the county's. Major elements of the following functions (described on Pages 30 and 33) are either weak or missing:

- Long Range Planning
- Policy Development
- Program Evaluation

Most elements of the following functions (also on Pages 30 and 33) are duplicated by the Chief Administrative Office and the Facilities Management Department:

- System Control
- Project Programming
- Project Management

After 1976, the Board of Supervisors nearly halted the capital projects program, deferred all maintenance except the most critical, and severely curtailed expenditure authorizations for all facility operations. Therefore, the structural weaknesses have not yet caused management problems on a large scale. However, in the early 1970's, fragmented management of such major

FIGURE 1: CUMULATIVE INVESTMENTS AND OPERATING COSTS

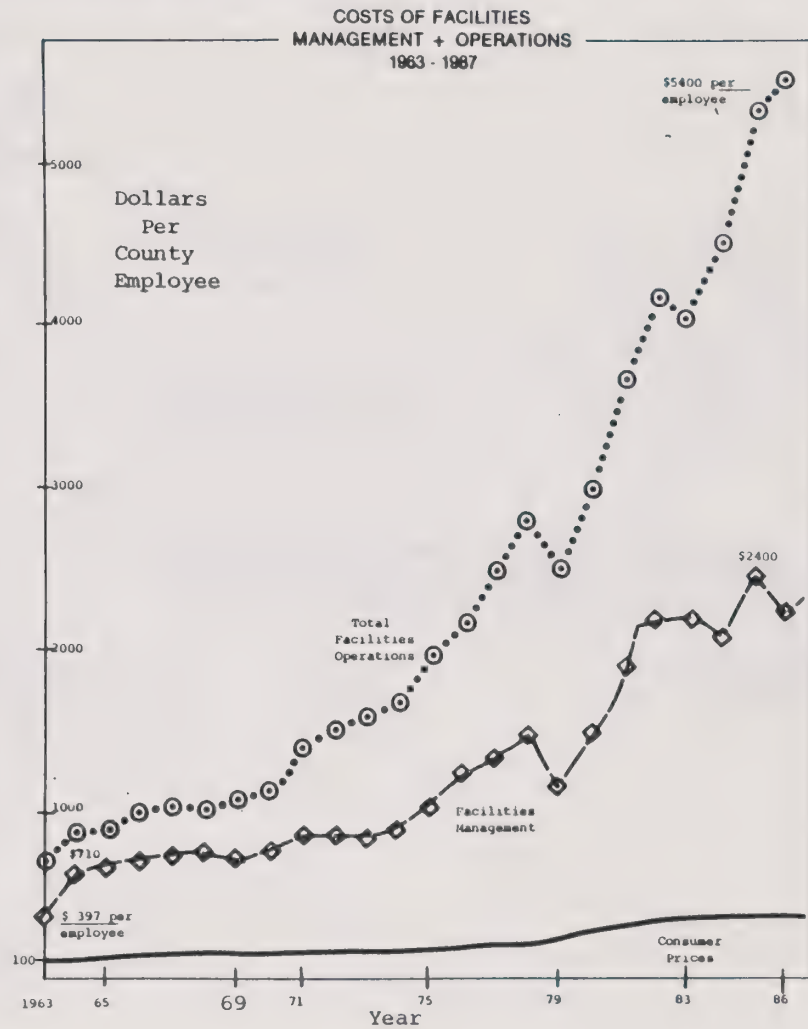
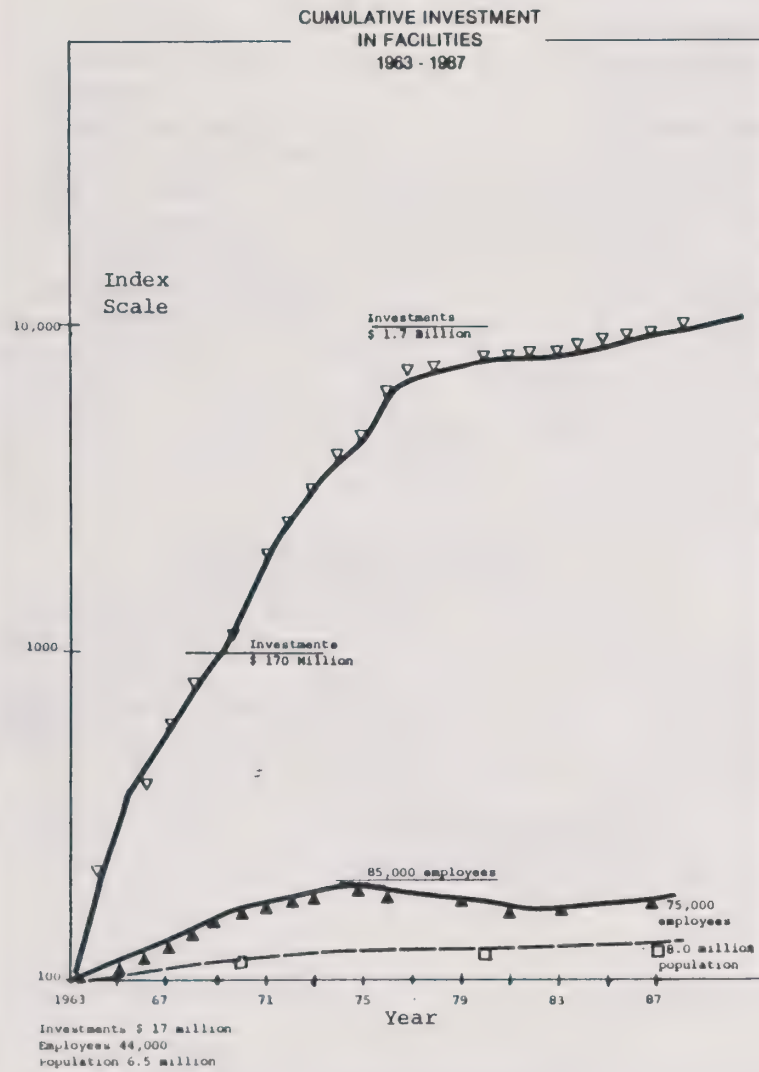


FIGURE 2

CURRENT STRUCTURE OF PROPERTY MANAGEMENT IN LOS ANGELES COUNTY

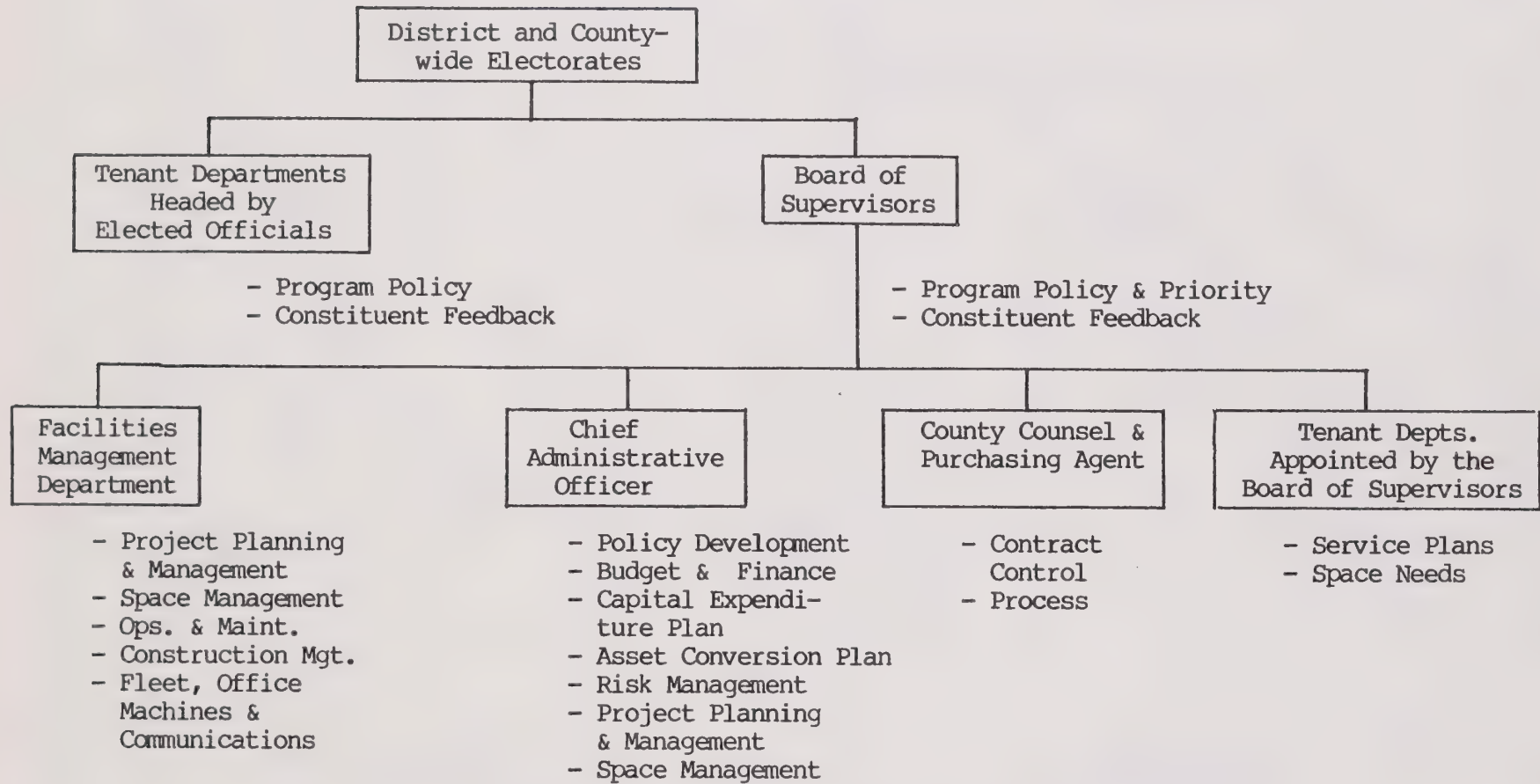
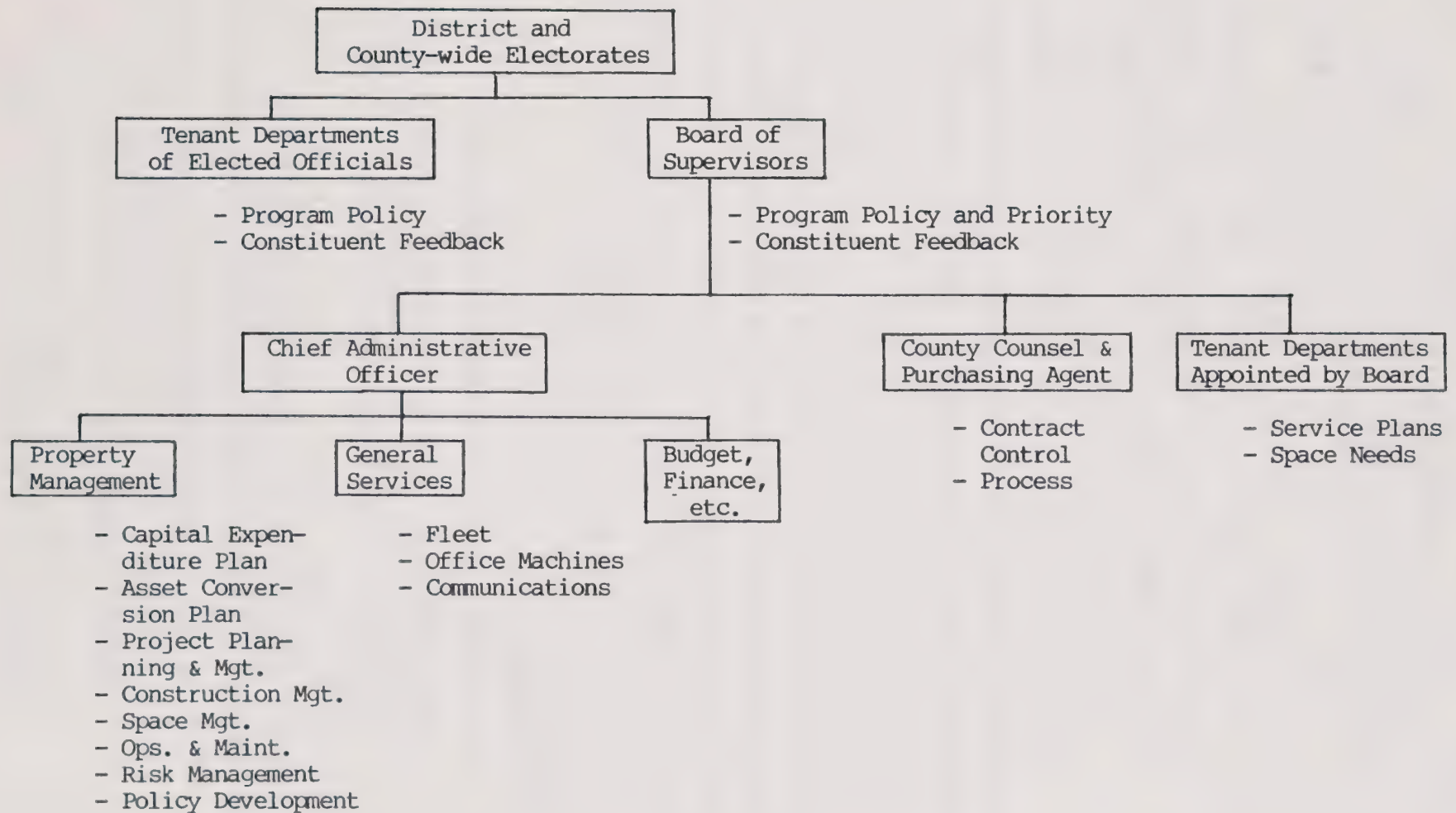


FIGURE 3

PROPOSED STRUCTURE OF PROPERTY MANAGEMENT IN LOS ANGELES COUNTY



projects as Martin Luther King Hospital, the Central Jail addition and the Criminal Courts Building caused major problems.

Now the county is poised for another expansionary stage, and signs of breakdown are appearing again, some with origins dating back a decade or more. For example, design modifications at Olive View Hospital rendered it non-functional. It is still not fit for occupancy, almost nine months after dedication.

We believe it is of vital importance for the Board to act decisively to improve its property management function. The Board should act now, before the structural deficiencies affect the \$315 million in improvements that are newly committed.

Effective action requires full Board support of two major objectives. First, the Board must restructure the property management function, including facilities operations and maintenance, to unify authority and accountability for it under the Chief Administrative Officer and to divest it of unrelated functions (Recommendation 1). Second, the Board must direct the CAO to continue the innovative consolidation of facilities operations started by the current Director of Facilities Management and to establish certain policies for their continuing management (Recommendation 2).

These actions can be taken within the framework of the current Charter. Some may require changes in the County Code.

#### Recommendation 1

***We recommend that the Board of Supervisors***

- ***consolidate in the Chief Administrative Office full responsibility for all county property management, including facility operations and capital projects;***
- ***direct the CAO / Director of Property Management to divest his property management organization of activities not integral to property management by***
- ***establishing, under his direct supervision, a general services organization, to include messenger and mail services, telephone service request processing, and fleet maintenance;***
- ***transferring appropriate functions to the Data Processing Department or other county departments.***

## Discussion

The structure we recommend is depicted in Figure 3 on Page 5. It is based on the three objectives adopted by the Board in 1983 as fundamental to the success of the county's reorganization program:

- to reduce the span of control of the Board of Supervisors;
- to strengthen the CAO's formal authority over the necessary internal support structure for county public services;
- to standardize and integrate the county's business and administrative functions.

In the present structure, the Board can reasonably hold no one accountable for the overall performance of the property management function. Holding the CAO accountable would be unreasonable. The CAO does not appoint or supervise the Director of Facilities Management. To hold the CAO accountable, therefore, is to credit him with the performance of people whom he does not control. Nor can the Board hold the Director of Facilities Management accountable. Too many functions are duplicated by the CAO. Moreover, the CAO's control over budget, risk management, personnel practices, safety, and security has a major impact on the performance of the Department of Facilities Management. In effect, Los Angeles County has a current capital improvements program of \$315 million with no one in charge.

County officials tolerate the fragmentation of project management and coordination roles by defining them as multi-layered. That is, they emphasize that the CAO's role is that of a "Project Administrator", while the Facilities Management role is that of "Construction Project Manager." Similarly, in the case of space management, the Facilities Management people are to maintain and analyze the inventory of space, and move things around, while the CAO mediates and allocates space among competing departments.

As we have repeatedly emphasized in prior studies, accountability is unassignable in such a system. The boundaries between layers of administrative coordination and project execution are too unclear.

Therefore, the first point of our recommendation is to focus accountability for all property-related functions in one official. This will require improvement of the structure for managing the physical plant, asset development, and capital spending. The structure we recommend is designed to:

- ensure the performance of those functions which are currently weak or missing;
- eliminate fragmentation and duplication, creating a potential savings of \$1.5 million annually;
- relocate superfluous functions to appropriate units within county government.

The only appointed official who can fulfill the total responsibility is the CAO. As we have repeatedly emphasized in prior studies, in the present system of county government only the CAO has a sufficiently broad view of county-wide needs and priorities to make impartial and authoritative recommendations to the Board, and perform the complex long range planning and systems review which are necessary for effective management of the county's business and administrative operations, including especially property management functions.

In addition, the fastest growing costs of facilities operations are not those controlled by Facilities Management Department, as can be seen in Figure 1. They are such elements of costs as rent, utilities, insurance and damage judgments. These costs depend primarily on decisions of the CAO and tenant departments.

The second point of our recommendation is to divest the property management unit of general services currently produced by the Facilities Management Department. Effective reorganization includes the realignment of functions so that single organizations can be held accountable for single mission areas. As we emphasized in our 1983 recommendations to

consolidate county departments, merging departments can be counterproductive when they already contain a number of incompatible functions. In later reports, we explained that such support functions as fleet maintenance, telephone system analysis, telecommunications engineering, mail service, messenger service, and office machine repair are not usually provided by tenant-oriented, full service property management firms. The tenants provide them or buy them from other suppliers. Yet in Los Angeles County, they are provided by the Facilities Management Department. The reason is, they were carried over in the creation of the new department from the old structure of the Mechanical Department and the Communications Department. In an organization like the County, such functions should be offered from a centralized unit, but their services should be separated from facilities planning, operations and maintenance programs. Therefore, we are repeating our recommendations to include realignment of functions in consolidation of departments.

It would make sense to locate some of these functions in the Data Processing Department. Telecommunication is becoming part of the information processing function throughout industry. Its association with data processing is becoming more important than its association with building, although it will continue to be associated with both. Similarly, the current generation of business machines is electronic rather than mechanical; it employs technology similar to computers. Integrating the development and maintenance of these capabilities in the same organization as data processing will accelerate the modernization of the county's operations.

To implement the consolidation we recommend, the Board can choose among three strategies:

- consolidate the Department of Facilities Management with the Chief Administrative Office;
- appoint the CAO to the position, Director of Facilities;

- assign to the CAO the responsibility to supervise and to recommend appointment and dismissal of the Director of Facilities to the Board.

Of these three, only the first two are a true delegation of the Board's appointing authority and will unify accountability in one county official. Only the first alternative will permit the CAO to reorganize the work to completely eliminate fragmentation and overlap of responsibilities. This is the managerially preferable alternative.

The CAO's deputies in charge of property management and general services will be members of the civil service. Since the Board appoints all department heads by the County Charter (Article III, Sections 11(1) and 11(4)), subordinates of the CAO cannot be department heads. Since they are not department heads or otherwise assigned to the unclassified service, they will be entitled to full civil service rights in any exercise of the CAO's authority to appoint and dismiss (Article IX, Sections 30 and 33). Their status will be similar to that of the director of the CAO's Office of Human Resources (formerly the Personnel Department).

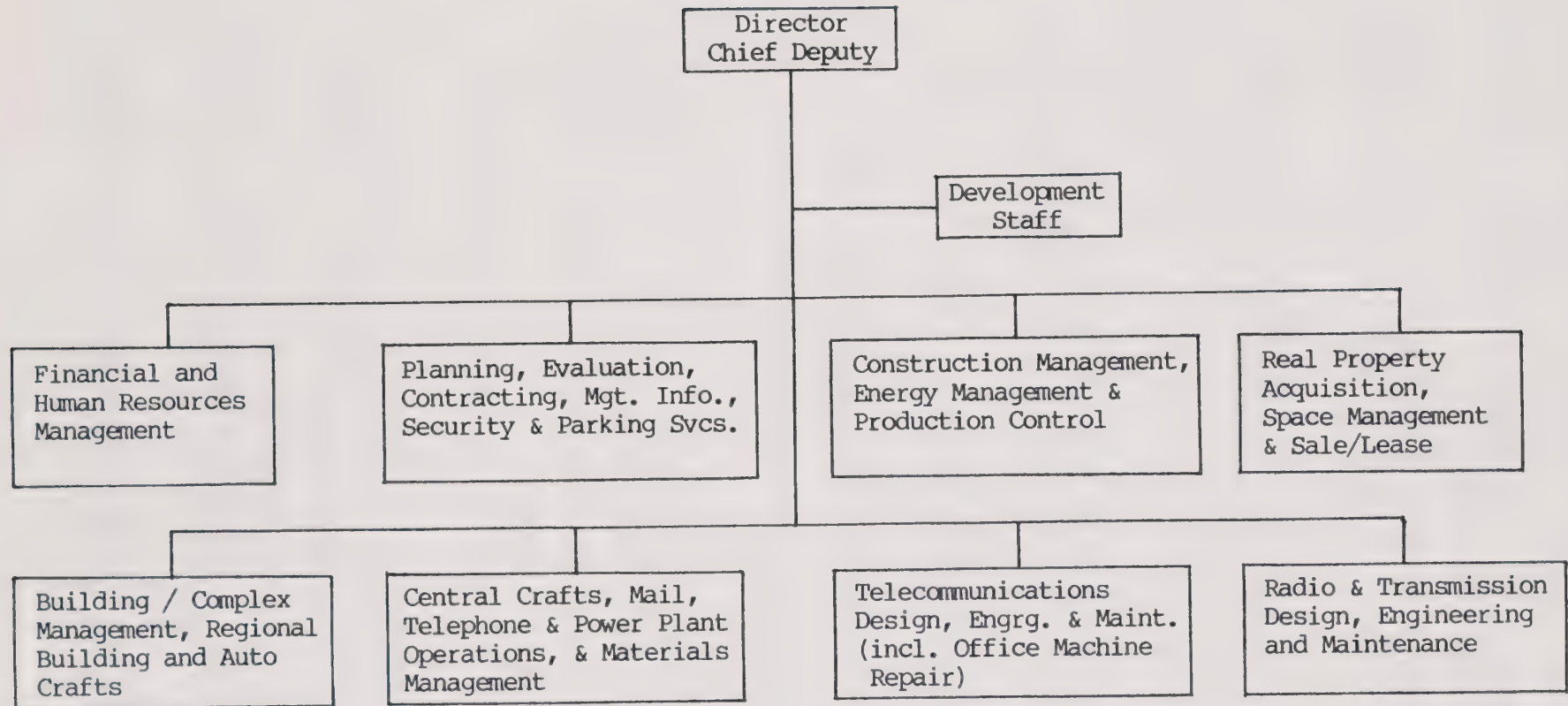
The change we recommend is crucial to the successful future operation of county government. However, it will not be easy. It will require a political decision to reallocate significant bureaucratic power. This decision may or may not be favorably received by such other elected officials as the judiciary and others in the justice or safety communities, by architects, engineers, developers and builders doing business in the present county system, or by others whose affairs might be affected by the change. Regardless of the delegation, the Board - not the CAO - will remain politically accountable for results to the electorate. We recognize, therefore, that the decision will be difficult. We emphasize that it is vitally needed.

#### Recommendation 2

***We recommend that the Board of Supervisors direct the CAO / Director of Property Mangement to put priority on the following:***

FIGURE 4

OVERALL ORGANIZATION OF FACILITIES MANAGEMENT DEPARTMENT



- *completing the design and implementation of the building complex manager concept and production control;*
- *budgeting all facilities management to recover the full cost of operations;*
- *finding the most effective ways to reassign personnel whose prior positions have been eliminated.*

### Discussion

We believe that the present Facilities Management Department has made significant progress in consolidating and integrating facilities operations and certain planning functions. The planned basic structure of the Facilities Management Department is illustrated in Figure 4 on Page 11.

The department has already achieved substantial success in implementing this structure. So far, this organization

- reduces the number of management positions and of organizational divisions,
- consolidates administrative and support functions, as well as materials management, and
- improves the structure of the facilities services delivery system.

Therefore, the first point of our recommendation is to retain a similar structure under the Chief Administrative Officer, with the CAO's present Asset Development functions assigned to the construction management and real property branches.

The most innovative features of the planned structure are the following:

- the assignment of Building Complex Managers in each major facility as a one-stop authority for all tenants' building-related needs;
- the centralization of planning, scheduling and resource allocation for major capital projects and for alteration and repair projects estimated at \$2500 or more;
- the centralized coordination of multiple capital projects which are interdependent.

We expect these changes to improve the County's facility management. The building manager concept will permit increased efficiency in the use of labor, improved relationships with tenants, increased opportunities for advancement of employees, and reduced tenant costs. Centralized project planning and control will improve job estimating and scheduling, reduce backlogs, and provide for more consistent quality.

At present, the Facilities Management Department is implementing the structure in the Eastern Region. Some improvement has already occurred. So far, the department has found a high level of client satisfaction in its review of the pilot with tenant operations managers.

However, we found that the executives of tenant departments do not believe the additional convenience to their local office representatives is justified if it increases the cost of services. The structure as planned increases overhead costs by creating 36 new building management positions, centralizing program management and production control, and including alteration and repair jobs in their scope.

Therefore, the key to effective implementation will be to ensure that the planned increases in efficiency produce sufficient savings to fund the new functions while retaining increased responsiveness. Cost reduction will require the cooperation of the Purchasing Agent and the Auditor-Controller in delegating increased authority to the Building Complex Managers to hire contractors, to use blanket purchase orders, and to manage routine financial transactions with tenants. These officials will need to work with the County Counsel to develop appropriate county code changes to implement new policies within the constraints imposed by statutory requirements.

The second point of our recommendation is to budget facilities management on a full cost recovery basis. A property management company, or the property management division of a corporate conglomerate, would expect to recover all its costs from its tenants. If it did not, then it would go out of business. In Los Angeles County, the Department recovers approximately 60% of its costs.

The Board of Supervisors has adopted our past recommendations to require internal services to recover full costs from their customers since 1982. It was an integral part of our recommendations on reorganization of the county. Properly implemented, this policy will

- encourage tenant departments to plan and economize in their demands for services;
- improve control over the costs of facilities;
- improve decision-making on contracting.

The policy has not been implemented, even though the Facilities Management Department has implemented computerized cost accounting support. Non-recovery of costs is partially responsible for the Department's deficit of \$3.0 million in 1985-86. Although the causes of this are still under investigation, it appears to have occurred as a result of both excess staffing (\$1.7 million) and under-realization of planned cost recovery (\$1.3 million).

We stress, as we have in the past, that the county has supplied the Department with useful information systems (FIRM) supporting cost accounting. Therefore, the technology necessary to support a cost recovery policy is available in the Department. Full implementation depends on the priorities of the CAO and the Department.

The third point of our recommendation is to find and implement means of reducing the managerial and administrative support staff workforce in this and other consolidated departments, consistent with budgeted reductions and in accordance with the laws affecting civil service personnel. At present, the Facilities Management Department employs eight managers whose positions have been eliminated, at an annual cost in excess of \$250,000.

To achieve economies, consolidation of county departments will require reduction in force, primarily in management and support staff ranks. Some of the savings expected from consolidation will depend on the county's ability to reduce the levels and numbers of these personnel. The preferred, least

difficult methods of accomplishing the reduction are the early retirement program and normal attrition. However, when these fail, considerable effort will be needed to find and implement alternatives, without layoff whenever feasible. Even when no alternative to layoff is feasible, methods are available today to ease the pain of layoff. We believe a concerted effort is needed to establish and implement such programs as the following:

- retraining and reassigning affected personnel to openings in other departments, and requiring other departments to give preference to them in positions for which they qualify;
- soliciting the cooperation of contractors who have county accounts in locating employment for the affected personnel, and perhaps waiving county code provisions which restrict contracting with firms in which former county employees hold key positions;
- hiring outplacement specialists to work with affected personnel in obtaining employment within or outside of the county system;
- providing special termination or severance pay packages to affected personnel.

The present county practice is to promulgate a list of the affected managers to other departments, in the expectation that the other departments will find positions for them. This has not been effective for the eight unassigned or under-employed managers in the Facilities Management Department. By retraining, we mean a formal program, with explicit Board support, intended to improve its effectiveness. Contractors should also be considered as a potential source of employment.

Outplacement specialists assist employees whose assignments have been eliminated in marketing their skills and abilities elsewhere. They concentrate on developing job-hunting skills and supporting the employees through transition. Outplacement specialists ordinarily charge from 10% to 15% of employees' salaries. Therefore, in the present circumstances in the Facilities Management Department, significant support could be provided to the unassigned for \$25,000 to \$40,000.

Special severance or termination pay is a form of payment, usually based on years of service, designed to assist employees financially while they are looking for work. The county has severance packages. We are proposing that the county provide special consideration for management personnel who are displaced by consolidation.

We believe that high priority efforts to implement such programs would be far preferable to the current demoralizing situation.

### Conclusion

The task force has identified structural weaknesses in the Board's property management function. We recommend unifying all property management within the direct supervision of the Chief Administrative Officer. We further recommend that the CAO realign functions as appropriate between a general services unit and other county departments, and that the CAO put top priority on continuing to implement the reorganization initiated by the Director of Facilities Management and on requiring the property management and general service functions to recover their costs from customer departments.

## SECTION II: PROPERTY MANAGEMENT IN LOS ANGELES COUNTY

### Current Value of County Property

As of June 30, 1985, the book value of Los Angeles County government's fixed assets was \$2.1 billion, excluding the value of roads, bridges, flood control channels and other infrastructure supporting the general economy of the region.<sup>1</sup> The value of land, structures, improvements, and construction in progress was \$1.5 billion. Of that total, we estimate the value of real property managed directly by the Board of Supervisors through the Facilities Management Department at \$1.1 billion. In addition, the County participates in the ownership and operation of facilities held by Joint Powers Agencies and Nonprofit Corporations, many of which are also maintained by the Facilities Management Department.

In addition, the county

- rents space from a variety of public and private organizations at an annual cost of \$104 million,
- spent \$90 million on capital improvements in 1985-86,
- plans capital improvements exceeding \$300 million during 1986-87, and exceeding \$800 million in the next five years,
- plans expenditures of \$180 million for facilities management this year.

Managing the county's physical plant means providing facilities and space to house over 70,000 employees providing a rich variety of public health, welfare, safety and justice services. At present, the plant comprises over 39 million square feet in 750 major facilities, and includes over 4000 structures of all kinds.

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<sup>1</sup>Source: Mark H. Bloodgood, Auditor-Controller, County of Los Angeles, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 1985.

In current rental markets for office space in Los Angeles County, the 20 million square feet of plant which is county-owned could generate at least \$200 million in annual revenues.<sup>2</sup>

### History and Significance

Need for Continuous Planning. The county's facilities development needs are driven by external factors. The county boundaries enclose over 4000 square miles. Some of it is densely populated; some is currently under development and growing; some is sparsely populated. The major county services - health care, public safety, justice and welfare - are needed and consumed in all areas. Such other more centralized county-operated facilities as museums and cultural facilities draw customers from throughout the region.

The key to understanding the county's need for continuous facilities planning is the geographic dependence of population growth. Population growth varies by sub-region of the county, in some instances because of mobility and in some because of the different composition and economic conditions of the resident population. For example, between the 1970 and 1980 census of population, the county's population increased by 6.3%. However, the average includes increases of 20% to 30% in such areas as the Pomona - Walnut Valley, the Antelope and Santa Clarita Valleys, and the central area, and declines of 5% in the southern and southwest portions, as well as many areas of essentially stable but aging population. In all cases, the mix of county services and facilities must change to meet emerging needs.

Population is not the only source of change in the county's program. Changing societal demands also influence the configuration. The county's current capital projects program, for

<sup>2</sup>-----  
<sup>2</sup>Building Owners and Managers Association of Greater Los Angeles, Greater Los Angeles Office Marketing Guide, 1984. According to the Guide, 42% of office space in the market can be rented for \$20 or less per square foot. The remaining 58% is higher - up to \$40. We put county space at \$10 for this hypothetical estimate.

example, includes courthouse construction to accommodate the rush of criminal and civil cases, new facilities for protection of children and the elderly, and jails. In addition, programs are changing to provide for a more efficient use of space. The Superior Court, for example, has established a night court project to assist in clearing cases that can reasonably be tried at night. Finally, Federal and State actions have a dramatic impact on county programs and the need for facilities. Much of the 30% growth in the central area between 1970 and 1980 comes from immigration. It has continued since 1980. The recent changes in Federal immigration law are expected to add as many as 800,000 to the count of legal residents eligible for county services.

The situation is not likely to change. Demographers project significant population growth over the next several decades as Los Angeles develops its capabilities as a center of commerce in the Pacific Rim. United Way has demonstrated significant diversity in the needs of different Asian-Pacific groups for county and other social services.<sup>3</sup> The cultural diversity of these groups and their dispersal among the general population will lead to a need for new and possibly different kinds of county facilities.

Investment Trends. The history of the county's development and facilities management program since the early 1960's is characterized by three major stages.

A period of rapid expansion and development extended from the early 1960's to the mid 1970's. The cumulative investment in the county's facilities between 1963 and 1975 was \$1.0 billion, equivalent to \$83 million annually. Late in this period (1972-1974), the Board of Supervisors recognized severe organizational deficiencies in the planning and management of the capital projects program. Such major projects as the Central Jail addition, Martin Luther King Hospital, and the Criminal Courts Building were seriously flawed. On recommendation of the Economy and Efficiency Commission and the CAO, the Board

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<sup>3</sup>United Way, Inc., Asian Pacific Research and Development Council, Pacific Rim Profiles, 1985.

consolidated all facilities and capital projects management into a single new Department of Facilities. (The department did not include operations and maintenance functions, which remained with Building Services and Mechanical Departments.)

A period of decline, neglect, deferred maintenance and lower investment extended from 1976 through 1985. Cumulative additional investment during this period amounted to \$600 million, or approximately \$60 million annually. During this period, the Board halted county growth, severely curtailed facility operations, and deferred all but the most critical maintenance. In 1984, for example, the Facilities Management Department (Mechanical) identified unmet needs of \$9.1 million in deferred maintenance and \$81.0 million in replacement and repair of building systems and equipment in the existing plant.

During this period the Board also dismantled its earlier organizational reforms by merging the Facilities Department with the County Engineer and re-establishing a Capital Projects Division in the Chief Administrative Office.

In the third and current period, the county appears poised for a second expansionary stage. Requests of county departments for facilities improvements amounted to \$800 million for 1986-87, of which \$315 million has been approved. The weaknesses of the organization are again becoming apparent as the fragmented organizational system is unable to perform on complex projects. At the same time, much of the plant developed during the 1950's and 1960's is becoming obsolete both in terms of condition and in terms of technology. Therefore, the costs of maintenance and operations can also be expected to rise.

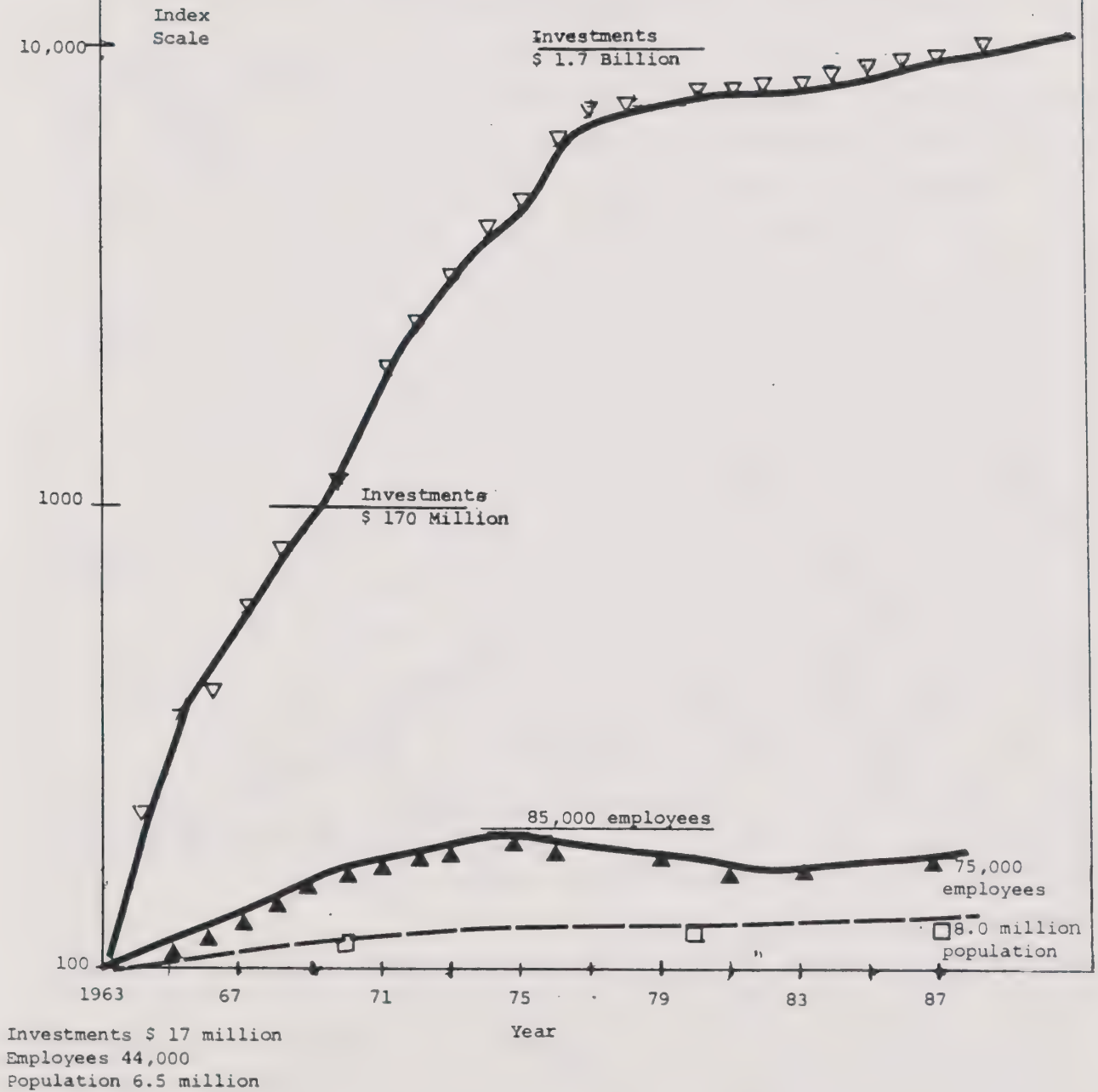
Figure 5 on Page 21 illustrates the pattern of growth we have described.

As a first step toward structural reform, in 1985 the Board created the Facilities Management Department by consolidating the Building Services, Communications, Facilities (County Engineer) and Mechanical departments. These departments performed the maintenance and operational service functions as well as project planning and construction project management.

FIGURE 5

CUMULATIVE INVESTMENT IN COUNTY FACILITIES

1963 - 1987



Facility Operations Trends. The costs of facility operations consist of two general components:

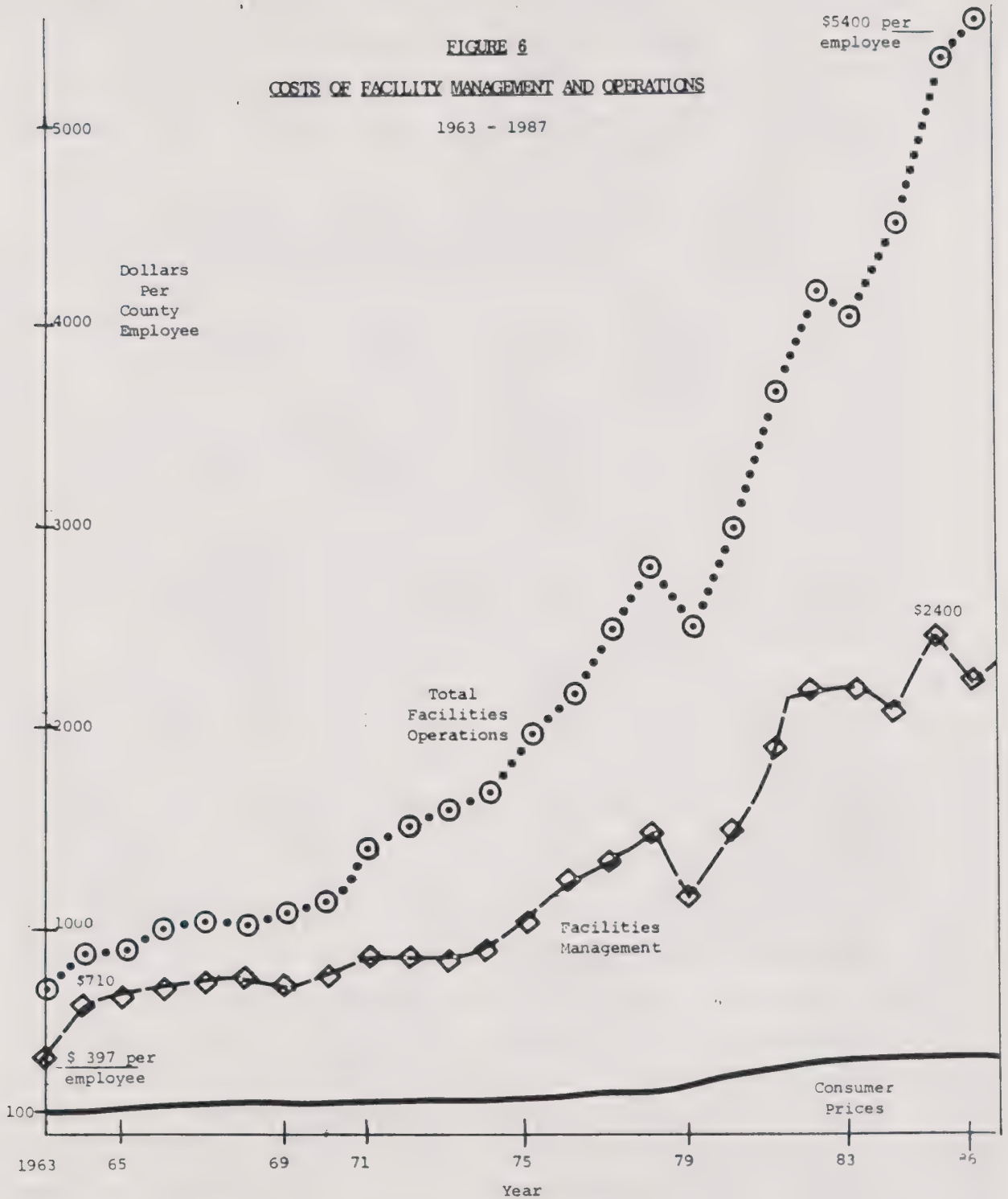
- the costs of facilities management, including the labor, services, and supplies consumed in maintenance, alteration and repair, custodial services, management and planning services, and the like, which are internally controlled;
- the costs of utilities, taxes, insurance, rent, and other externally controlled amounts.

Figure 6 on Page 23 depicts budgeted operational costs per county employee over the period 1963-1987. The costs have risen steadily over the entire period, except for a brief drop following passage of Proposition 13. The costs of facilities management have increased six-fold. The total costs of operations including rents, utilities and insurance as well as facilities management have increased by a factor of 7.6. In contrast, consumer prices over the period, including several years of double digit inflation, increased by a factor of 3.6. That is, the county's total annual budget for facilities operations per employee has increased at double the inflation rate, and the increases in the costs of facilities management have exceeded general inflation rates by 70%. The budget for facility operations has increased from 4% of the county's total operating costs in 1963 to 5.8% in 1987; it has reached as high as 7%. Clearly, the huge investments in county facilities during the 1960's and 1970's have had a major impact on operating costs.

More important, for the present and the foreseeable future, the "external" costs of facility operations - rents, insurance and damages, and utilities - are becoming the fastest growing and potentially most significant component of costs.

### The Current System

At present, the Board of Supervisors manages its plant and its capital improvements program through the structure depicted in Figure 7 on Page 25.



Elected Officials. Officials elected county-wide include the Sheriff, the District Attorney, the Assessor, and Judges of the Superior Court. Officials elected by district include the Supervisors and Judges of the twenty-six Municipal Court Districts. All elected officials have a vital interest in a high-performance space management and capital improvements program, for several reasons:

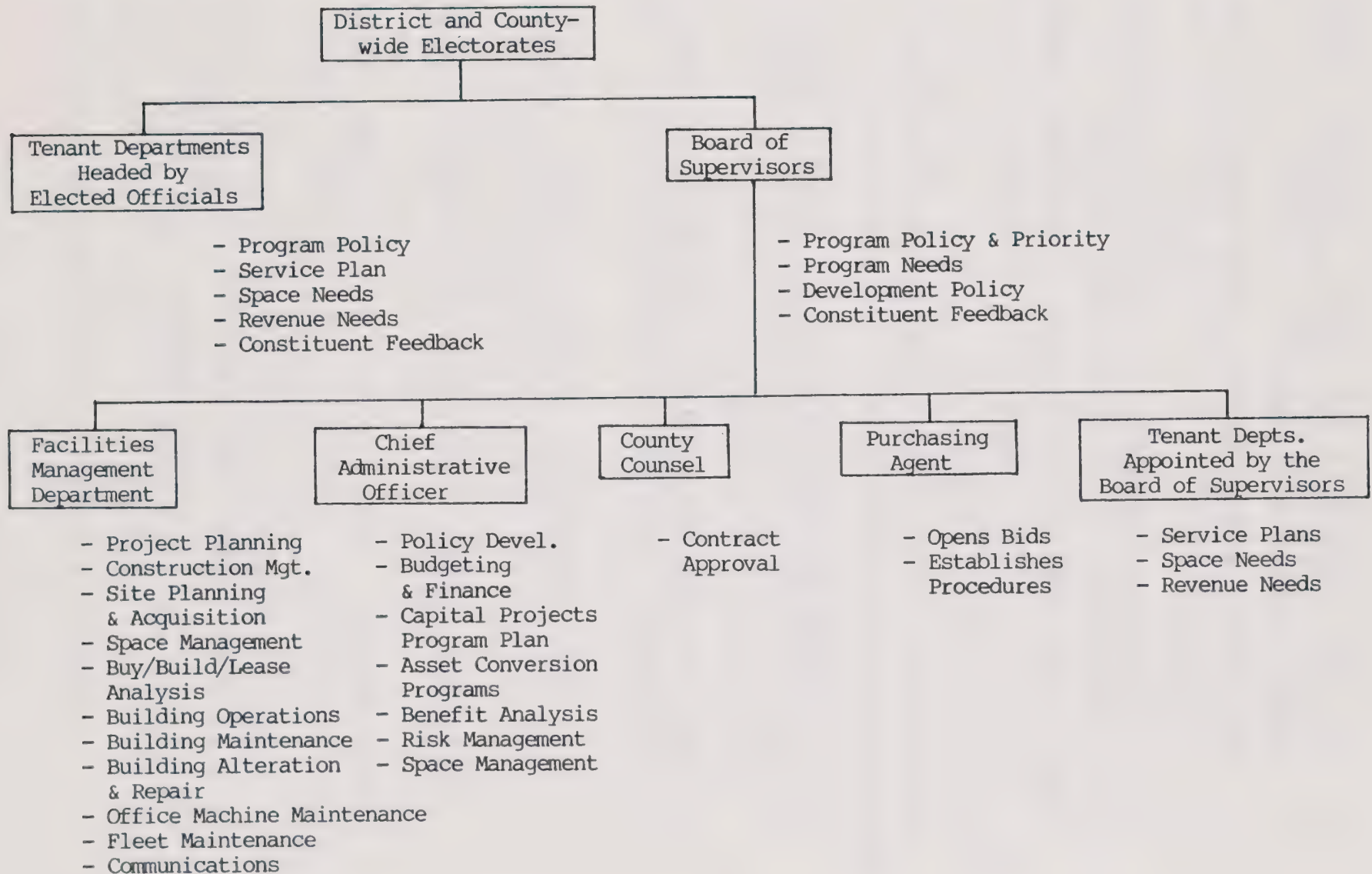
- effective and efficient use of space is important to the delivery of most government services and crucial for public protection and justice;
- the county's physical plant is the most visible concrete evidence of each official's effectiveness to the electorate;
- the diversity and vitality of the region's economy releases demographic and development forces that require constant attention to shifting decentralized needs for physical plant;
- debt service and the life-cycle costs of facilities and equipment represent significant claims on tax-financed resources and thus affect county ability to meet priority governance and service needs.

The decisions and concerns of elected officials dominate the county's property management and planning. They establish the policy for service programs, including the need for geographic decentralization. They control the types and pace of development throughout much of the region, thereby influencing the geographic distribution of jobs and population, which in turn govern the demand for county services. Finally, they are in constant touch with constituents - the public at large, industry and other influence groups, and consumers of county services.

Chief Administrative Officer. The CAO is the chief staff officer for the Board of Supervisors. The Board may at times appear to hold the CAO accountable for overall executive control of county operations. In addition, such published formal county documentation as the budget and the official organization chart state that the CAO is the overall manager of county operations. Nevertheless, the CAO is not a manager of any county operation except his own - as chief of staff - for the following reasons:

FIGURE 7

CURRENT STRUCTURE OF PROPERTY MANAGEMENT IN LOS ANGELES COUNTY



- the CAO appoints no other county official and can therefore reasonably be held accountable for no other official's performance;
- the CAO directs no other county official in the conduct of the business of an operating department;
- the CAO signs no contracts on behalf of the Board of Supervisors or any other county official.

Therefore, the CAO does not manage the county's property or its capital improvements program in any generally accepted interpretation of management.

However, the CAO, through his function of chief of staff, strongly influences all property management functions, space management, and the capital improvements program.

- The Finance Division sets overall resource allocations for the county, including its budgets for capital spending, building operations and maintenance, and related requirements.
- Within the Finance Division, the Risk Management Section provides planning, oversight and control of the county's insurance, risk avoidance, safety and security programs.
- The Asset Development Division manages projects involving conversion of county property to income-producing assets and, in addition, coordinates the administration of large-scale capital projects in the early stages of planning and development, and administratively coordinates and monitors major capital projects.

County Counsel. County Counsel has no present active role in property management. However, County Counsel discharges the ongoing institutional responsibility to approve contracts as to form, to advise the Board and county departments on the legality of their proposed actions, and to represent the county in all litigation (including contract litigation and property-related litigation).

Purchasing Officer. State law and the county charter require that the Purchasing Agent buy all goods for the county according to procedures set by the Board and by law. The Purchasing Agent also opens all bids for sundry and Proposition A services. In many instances, he controls the supply and prices of parts and equipment.

Tenant Departments. Tenant departments headed by elected officials and the forty additional tenant departments whose directors are appointed by the Board of Supervisors conduct space planning and management programs.

In a few cases, including the Hospitals, the Public Works Department, and the Museums, departments manage their own facilities operations and maintenance. In most cases, however, the role of tenant departments in property management is to inform the Board, the CAO and the Facilities Management Department of their service plans, the needs for space derived from the service plans, and any potential for using property to generate revenue supporting their programs.

The Facilities Management Department manages consolidated provision of all remaining property management functions. It is responsible for:

- the acquisition and disposal of property, including analysis of whether to build, buy or lease additions;
- the entire process of new construction from site planning and acquisition, through architectural planning, to final construction and occupancy;
- space management support to tenants;
- alterations and repairs;
- operations and maintenance, including custodial work, power plant operations, parking lots, security and telephones;
- maintenance of such tenant-based units as vehicles and business equipment;
- provision of messenger, mail and telephone services.

The Board of Supervisors created the Facilities Management Department in 1985 to consolidate the function of four predecessor departments. The planned basic structure of the new department is scheduled for full implementation by July 1, 1988. It is depicted in Figure 8 on Page 29.

The Development Staff will be responsible for developing the executive staff, affirmative action, public information and Board responses, legislative analysis, training and safety.

The Financial and Human Resources Branch will provide centralized administrative services in the areas of human resources management, budget services, fiscal services, and office services and support.

The Planning and Information Systems Branch will plan and evaluate the department's operations, administer and monitor contracts, initiate and oversee data processing applications and other information systems, and manage security and parking operations (which are largely contracted).

Program, Project and Production Management will develop and evaluate policies and procedures for the department's programs, manage projects to construct or outfit new facilities, and coordinate craft jobs valued in excess of \$2,500.

The Real Property Branch will manage the design, valuation, and purchase or lease of county facilities, will track the utilization of facility space, and will handle the sale or leasing of surplus property to generate revenue.

Regional Facilities and Craft Operations will manage decentralized custodial and building craft services provided to client facilities, and decentralized automotive maintenance and repair.

The Central Support Branch will operate the county facilities' power plants, provide centralized building and automotive crafts services, manage the vehicle fleet, and operate telephone switchboards and the inter-facility messenger service.

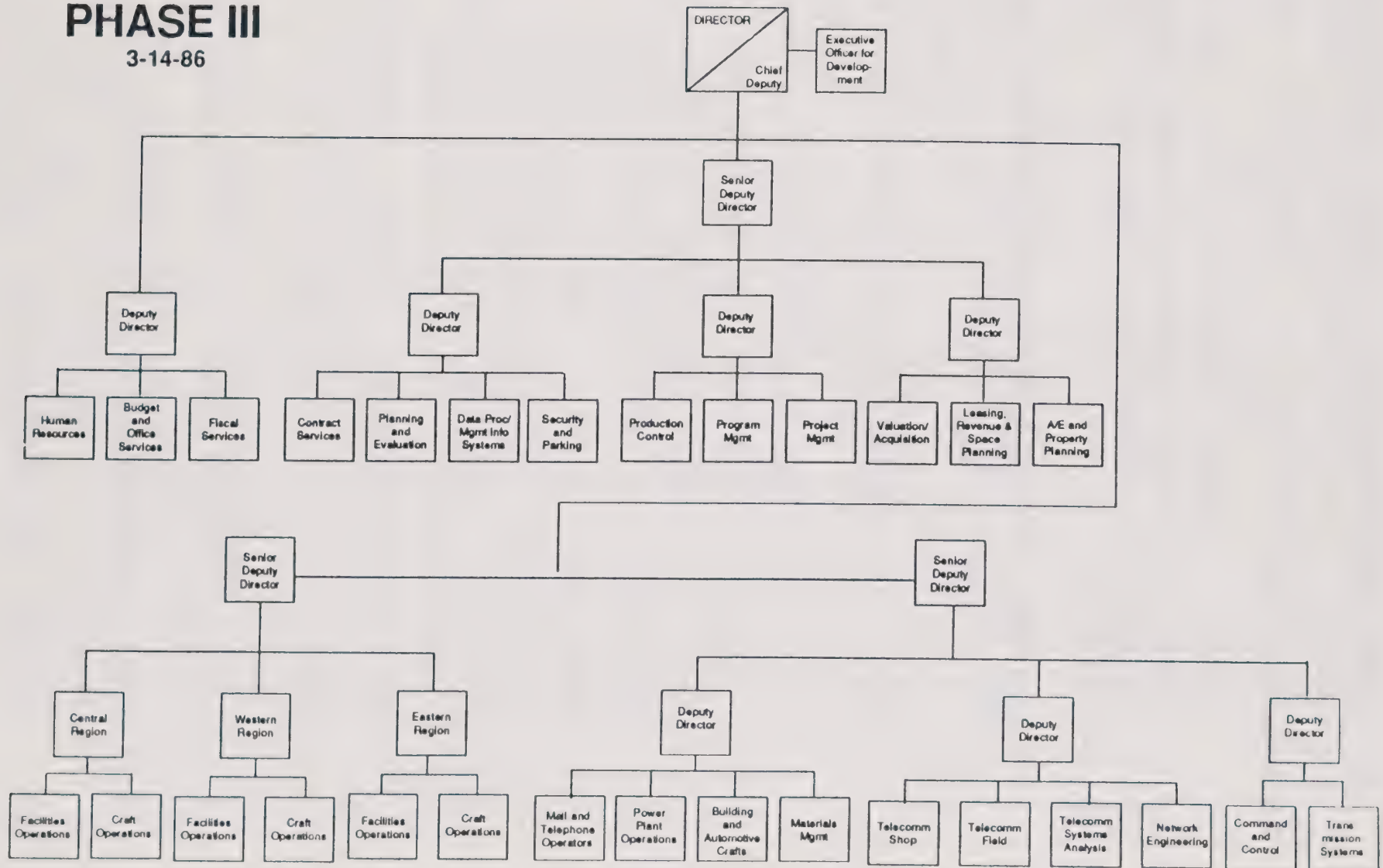
The Telecommunications Branch will maintain and repair communications equipment and business machines in the shop and in the field, analyze telephone needs, and design, engineer and support telephone systems.

FIGURE 8

PLANNED FINAL ORGANIZATION: FACILITIES MANAGEMENT DEPARTMENT

PHASE III

3-14-86



The Radio and Transmission Branch will design, engineer, implement, and maintain microwave and other radio systems for emergency and non-emergency services.

### The Need for Change

In our view, effective management of an investment of \$2.1 billion, with projected annual additions amounting to hundreds of millions of dollars would include, as a minimum, the following functions:

- long range asset development program planning, which would include a) analyzing demographic and economic trends, b) forecasting needs for service development or relocation, c) identifying, comparing and selecting alternatives, d) analyzing life-cycle benefits, costs, and investments, and e) establishing county-wide budgets, financing plans and priorities on a five year updated annual basis;
- policy development and forecasting, which includes a) establishing and enforcing standards, b) formulating enhancements for or constraints on tenants, c) developing alternative scenarios to prepare for the effects of action by other governments or the private sector on county programs, and d) controlling the costs and effectiveness of liability and casualty insurance through risk management;
- system control, which includes a) establishing and enforcing plans for budget and finance, b) establishing and enforcing county-wide systems for reporting program performance, progress and status, c) establishing and enforcing formal requirements for communication and review, d) defining the full range of legal requirements;
- program evaluation, which includes a) determining the cost effectiveness of management, b) determining and reporting the effectiveness of each project including the performance of participants and design elements;
- project programming, which documents the linkages between individual projects and the overall needs and program plans;
- project management, which includes a) governing the progress of an approved project from planning to occupancy, b) reporting progress and status, c) administering contracts, d) coordinating with external governmental and private organizations, e) directing and funding the participation of all

involved departments, and f) planning for, budgeting and expediting necessary changes;

- facilities operations and maintenance, which includes a) acquiring and maintaining technological support, b) providing maintenance of buildings and equipment, c) providing for alterations and repair;
- technical support and services, which includes all analysis and review of building technology and design issues such as experience, maintainability, energy efficiency, security, and architectural design.

The Board of Supervisor's organization of its property management resources is weak in several respects. The structural weaknesses include:

- weak or missing management functions;
- fragmented or duplicated functions and operations;
- superfluous and unnecessary functions;
- diffused accountability for performance.

Table I on Page 33 summarizes our findings.

Missing Functions. Elements of most of the functions we identify as missing (under "None" in Table I) can be found in the county, but not as a formal part of the property management program. Nothing in the formal organizational system, as designed in the ordinances, assigns responsibility for long range strategic planning or for managing the county's investment in physical plant.<sup>4</sup> It is no wonder, then, that the need for such vital program facilities as jails, children's shelters, courthouses and the like get little attention or priority until the need reaches crisis proportions. What is needed is a systematic, formally assigned method of analyzing communities to forecast potential needs on a five and ten year planning horizon. For example, it is now clear that the booming growth in the Antelope Valley and the San Gabriel Valley, which was foreseen by many authorities during the 1970's, will require an

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<sup>4</sup> Formal responsibility for financial assets and investments is assigned to the Treasurer in general and to the Board of Retirement for Pension Plan assets.

expansion of the county plant. Similarly, effective planning will require continuous updating. The population in the region is highly mobile, and needs differ among communities.

The point is, nowhere in the county is there a formal and documented assessment of the relationship between the county's physical plant and the temporal and spatial shifts of population needs for service. The system we envision would include a detailed basis for measuring the needs of the population for services, comparisons of programs to need, and a forecast of the most likely future markets for additional facilities and their locations.

Similarly, bits and pieces of policy development, program evaluation and program management can doubtless be found scattered throughout the various departments. Nevertheless, nowhere is the management of the county's massive property system in any way contingent on a county-wide system of standards, the results of evaluation, or a strong program management function.

Fragmentation and Duplication. In 1972, we first recommended that the Board create a Facilities Department to consolidate all facilities acquisitions and construction management. One of the central ideas was to establish a strong project management function to coordinate the actions of all involved parties. By the late 1970's, much of the capability that had been developed there and in the County Engineer's department was gone. At present, Project Managers in FMD may have as many as sixteen projects - ten more than the standard in industry. Consequently, the CAO has absorbed much of the work required to administer large complex projects. More important, the CAO does not rely on construction project managers, in the Facilities Management Department, for coordination with the Federal and State agencies, financial organizations and other institutions involved financially and operationally in many projects.

The CAO's Asset Development Division is staffed by 25 positions, at a cost of almost \$1.5 million in salaries and benefits, for three identifiable programs: asset, space, and energy management. Functions in the Facilities Management Department which participate in the same programs are budgeted

TABLE I

DIVISION OF RESPONSIBILITY  
Property Management Functions

Provider

<u>Function</u>	<u>CAO/BD</u>	<u>FMD</u>	<u>CO CNSL</u>	<u>PURCHASG</u>	<u>TENANT</u>	<u>NONE</u>
<u>Long Range Program Plng</u>						
a) Trends Analysis						X
b) Service Needs					X	
c) Alternatives	X	X				
d) Life Cycle Costs						X
e) Finance & Priority	X					
<u>Policy Development</u>						
a) Standards						X
b) Enhance/Constraints						X
c) Alternative Scenarios						X
d) Risk Management	X					
<u>System Control</u>						
a) Budget	X	X				
b) Reporting	X	X				
c) Process Reqmnts	X	X		X		
d) Legal Reqmnts						X
<u>Program Evaluation</u>						
a) Cost Effectiveness						X
b) Management	X	X			X	
c) Project	X	X			X	
d) Design						X
<u>Project Programing</u>						
						X
<u>Project Management</u>						
a) Management						X
b) Reporting		X				
c) Contracts	X	X	X	X		
d) External Coord	X	X				
e) Direction	X	X				
f) Changes	X	X			X	
<u>Ops / Maintenance</u>						
		X				
<u>Technical Support</u>						
	X	X				

for 274 positions, at a cost of \$13.3 million. (Further details are contained in Attachment I.) On October 10, 1986, the Facilities Management Department notified the CAO that it will need 68 additional civil service and contract positions, at a cost of \$32 million, to manage capital projects during the next four years. If integration of overlapping functions were to result in savings of 10% of their total cost, this would amount to \$1.5 million. In addition, some or all of the requested additional expenditures may be avoided.

Superfluous Functions. On the other hand, the Facilities Management Department continues to provide services which are generally not expected of property managers in any system. These include:

- inter-facility messenger service;
- telecommunications engineering and maintenance;
- telephone service coordination;
- business machine (including computer) maintenance and repair; and
- vehicle maintenance, repair, and fleet management.

As we noted in December, 1985, the history of these functions has been that their high visibility and short term reactivity acts as a drag on management of the facilities program. Breakdown of an elected official's car will take priority over long-range planning of any facility, and attending to it will divert the attention of the manager, regardless of the significance of the facility under consideration.

Diffused Accountability. The functions of tenant departments, County Counsel and the Purchasing Agent are fairly well defined and accountability for them can be isolated. In the facilities program area, however, the Board of Supervisors cannot reasonably isolate accountability for performance to the CAO or to FMD. Too many functions are shared, and too many functions are missing. The CAO can in no way be accountable for the performance of the Facilities Management Department because the CAO does not appoint the department head and the Board of

Supervisors has not delegated formal authority to direct operations to the CAO. No one can be accountable for the performance of individuals he does not appoint.

The recent events concerning Olive View Hospital appear to result from a combination of the above problems. The reconstruction of Olive View, which had been destroyed by earthquake, took fifteen years. When supposedly completed, it was found to be unusable as a result of errors in the design and/or construction. Modifications are being made, but the hospital still is not in use almost nine months after the official opening ceremony.

In effect, Los Angeles County has a current capital improvements program of \$315 million with no one in charge. The reality is, only the Chief Administrative Officer has sufficient persuasive authority and credibility with the Board of Supervisors and other departments to approximate what is needed for effective program or project management.

### Conclusion

The task force concludes that structural improvement is needed in the management of the County's physical plant, asset development, and capital spending programs. We are convinced that the problems are structural. Although personnel changes may be necessary, personnel changes do not solve structural problems. Structural changes are needed. The new structure should be designed to:

- ensure the performance of those functions which are currently missing,
- eliminate fragmentation and duplication of effort,
- relocate superfluous functions to appropriate units within county government, and
- focus accountability for results in one county official.

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### SECTION III: THE FACILITIES MANAGEMENT DEPARTMENT

In 1985, the Board introduced a significant structural improvement by consolidating the Building Services, Communications, Facilities (County Engineer) and Mechanical Departments into a single Facilities Management Department. This had the dual advantages of reducing the Board's span of control by three departments and providing for integration of all the services involved in life-cycle operations of county facilities in a single service department.

In keeping with our obligation to monitor progress in the county's reorganization program, we have reviewed the progress of the new department in attaining the improvements of effectiveness and efficiency that can be expected from consolidation. In this chapter, we discuss our findings and conclusions.

During early implementation stages of the consolidation, our staff interviewed over forty of the managers and employees of the four predecessor organizations, client departments, and private sector providers of similar services. Our purpose was to identify those major issues which would require resolution before the new department could be effective, and to propose a structure that could both attain the improvements expected by the Board of Supervisors and support resolution of the issues perceived as significant by the employees. The Director of Facilities Management has used our findings in approaching the reorganization effort. Subsequently, in preparing this evaluation of status, we met on several occasions with George Y. Tice, Director of Facilities Management, and with representatives of the CAO. In addition, our staff again interviewed staff of Facilities Management, the CAO, the Auditor-Controller and eight operating departments which receive services from Facilities Management, and provided descriptive data on the new organization and its costs.

In this section, we present our conclusions on the effectiveness of consolidating the Facilities Management Department

### Objectives of Change

All of those interviewed were concerned with how the new department could be organized to accomplish the following:

- foster an improved system for delivery of service to County departments;
- promote consolidation and integration - not merely a merger;
- provide employment and promotional opportunities for all employees at all levels, for which minorities in particular would be able to compete fairly;
- reduce costs through standardization of management information systems, administrative procedures, and interpretation of policy;
- reduce inventories, and facilitate the efficient utilization of facilities and equipment, as well as personnel;
- emphasize the need for training and development of all levels of employees - especially when affirmative action opportunities occur;
- strengthen long range planning activities.

The primary candidates for consolidation were considered to be the administrative functions (finance, personnel, budgets, inventory management and so forth). Some managers also cited opportunities for consolidating such staff and analytical support activities as planning, work measurement, training, and operational review.

Many of those we interviewed pointed out that the effectiveness of the new department would depend on modified management style as well as on structure. They emphasized three points repeatedly:

- the need for continuing, systematic and programmed communications with the Board and Board deputies;
- the need to reduce the adversarial nature of relationships with the Chief Administrative Office (particularly the Finance Division);
- the need to develop a management team in the department, to act more rapidly on consolidation, and to develop a more delegative style of management more fitting for a large, complex operation, with the Director out of the day to day minutiae of operations.

Reduction of Management and Administration. In our view, one of the central objectives of the consolidation program we recommended is to reduce the numbers and costs of managerial, administrative, staff, support and coordinative positions. In our interviews, we found that to be the view of most employees - and at times a source of great concern. We also noted that:

- the department could be structured to eliminate all one-on-one organizations, including the Chief Deputy;
- innovative and creative methods would be needed to effect reductions without harming county employees;
- private property managers achieve significant benefits from a high level of centralized automation and remarkably small central support staff.

Service Delivery. In the previous fragmented service systems, each of the departments had its own methods for dealing with client/tenant departments, and for organizing the work into geographic or other sub-units for planning and control purposes. Consequently, the tenants were getting not only high charges because of the duplication among departments, but also poor service.

Most of those we interviewed viewed consolidation as a major opportunity for improving service at lower cost by overhauling the entire service delivery mechanism. Two themes were found consistently:

- the need for on-site, one-stop building managers to provide the basic service response to tenants;
- the need for strong centralized and regional controls on programs, schedules, backlogs and costs.

These underlying principles form a radical departure from the county's old line functional service structure. However, once the commitment was made to the new service philosophy, we anticipated enormous difficulties in transforming the organization to the new structure, including:

- developing a sound organizational structure;
- developing, implementing and using information systems;
- training and developing personnel;
- evaluating and re-designing the structure;
- increasing the awareness of client departments and assuring their ability to use the service effectively.

Human Resources. Many cited two people issues of central importance - affirmative action and training and development. Affirmative action is significant because one of the predecessor departments - Building Services - comprised more than 95% black employees, while the others employed few minorities. Training and development are significant because the consolidation was intended to achieve major reorientation of service philosophy, a major expansion of mission, and a radically different structure for service delivery from the county's prior tradition. There is no way that incumbent county personnel could absorb the shock and transform the organizational culture without substantial formal training.

A number of those we interviewed saw the reorganization as either a problem for minorities in that they would suffer the brunt of any reductions in force or, more frequently, as an opportunity for upward mobility. Some also noted that there was some concern by non-blacks that they would be overlooked, because of the heavy predominance of blacks in Building Services

and because of the strongly expressed concerns of the black community when the Board ordered consolidation. Clearly, however, the context of change must be much broader - including women, Hispanics and other minorities as well as whites who could be affected by changes.

Areas of opportunity that were seen included:

- for managers -- to move into better-paying departments or divisions, to be assigned broader responsibilities, and to be promoted to higher-rated jobs;
- for workers -- to move into maintenance type jobs and eventually into the crafts, either because their transfer would now be easier since it is all one department, or because of some job enlargement activities that might occur.

In both cases, that is manager and worker, the critical need for training and development to prepare for these opportunities was stressed.

In addition, many cited a need to concentrate on the training and development of managers. They cited the need for development of generic managers, who can accept the delegation of added responsibilities and carry out the whole range of facilities management activities as well as determine management processes to deal with them.

Full Cost Recovery. The Commission first proposed to the Board of Supervisors that an internal service department be required to recover its full costs from its customers in a report on the Mechanical Department, adopted by the Board of Supervisors in August, 1982. This concept was recommended again in the Commission's report, Decision-Making and Organization, adopted in September, 1983. It was also recommended in the report on Implementation of Reorganization and Systems Improvements, which the Board of Supervisors adopted on May 27, 1986.

Thus full cost recovery by internal services has been county policy affecting the Facilities Management (Mechanical) Department since 1982 and affecting all service departments since at least May, 1986. However, county staff are largely unaware of this, and it has not been implemented.

Consolidation of components from four previous departments, including the Mechanical Department, into the Facilities Management Department created the framework to accelerate the application of the systems developed for cost accounting and full cost recovery of Mechanical services, based on the Resource Module of the county-wide FIRM system, to the full range of services provided by FMD.

### Achievements to Date

In this section, the task force presents its conclusions on department progress in each of the issue areas explained above.

Reduction of Management and Administration. FMD's planned structure (see Page 29) reduces the total number of division-level units by five (from 35 to 30). In the 1986-87 budget, the number of managers is reduced by 39 (a 28% reduction), thus achieving one of the goals of reorganization. The structure also increases the total number of support staff personnel and their supervisors by 64 positions. Primarily as a result of contracting, the number of line supervisory positions is decreased by 20. As a result of these changes, the combined number of management, supervisory and support positions is increased by a net of five positions. (Further detail is contained in Attachment II.)

TABLE II

NUMBERS OF POSITIONS IN THE  
FACILITIES MANAGEMENT DEPARTMENT

	<u>1984-85</u>	<u>1986-87</u>	<u>Change</u>
Managers	139	100	- 39
Support Staff & Supvs.	399	463	+ 64
Line Supervisors	428	408	- 20
Sub-Total	966	971	+ 5
Workers	2,976	2,733	-243

Each of the component departments from which Facilities Management was formed previously possessed its own personnel management, budget services, accounting and fiscal services, and contract administration staff. They were located in different offices. FMD has consolidated each function organizationally and has physically relocated the employees in order to centralize each function in a single location.

In addition, Materials Management procedures have been unified, separate warehouse inventories and the fixed asset records and controls of the former departments consolidated and their systems integrated. A centrally controlled file was created to track usage and replenish stock at all departmental warehouses.

However, these changes have not yet reduced costs.

The net increase in the number of management, supervisory, and support positions and in their salaries results in a budgeted cost increase of \$2.8 million (see Attachment II). This is 8.3% above the costs for similar positions prior to consolidation. The Consumer Price Index has increased by 7.3% during the two-year period ending August, 1986. Thus the combined cost of management, supervision, and support staff has increased by approximately 1% in constant dollars. This increase is slightly greater if one includes the \$256,713 cost by which the salaries and benefits of the eight displaced managers exceed the department's budget.

The number of managers decreased in proportion to line workers, from 1 for every 21.4 workers to 1 for every 27.3. However, the total number of managers, supervisors, and support personnel increased in proportion to the workers, from 1 for every 3.1 workers to 1 for every 2.8.

### TABLE III

#### RATIOS OF POSITIONS IN THE FACILITIES MANAGEMENT DEPARTMENT

	<u>1984-85</u>	<u>1986-87</u>
Managers to Workers	1:21.4	1:27.3
Total Mgrs., Supvs. and Support to Workers	1: 3.1	1: 2.8

Further detail is contained in Attachment II.

The task force concludes that the department has partially, but not fully, achieved the reduction in redundancy and duplication we found to be a significant issue in our review.

Reduction in Force. The budgeted reduction in management positions has not been fully implemented. The department employs eight managers whose positions have been eliminated. Three of them are unassigned; five are assigned, with no reduction in compensation, to budgeted positions below their pay level. The annual cost of this discrepancy with the department's budgeted staffing pattern is over \$250,000.

With the assistance of the CAO's Office of Human Resources, the Department has notified other County departments that the surplus managers are available for reassignment. The Department has offered to lend any of them on a trial basis, if another department will cover his salary and benefits. Although several interviews have taken place, none has resulted in an interdepartmental transfer or loan. More aggressive measures are needed to resolve the surplus.

No one views reduction in force as a preferred approach to managing reorganization. Nevertheless, the need for significant cost reduction has led in recent years to the creation of new techniques and services to ease the pain. A variety of alternatives to layoff are available to the county. They include:

- requiring the assistance of other county departments in employing the affected managers;
- obtaining the assistance of contractors who have department accounts in locating suitable employment for them;

- hiring an outplacement specialist to assist the affected managers in obtaining other employment;
- effecting voluntary or involuntary reductions in rank and pay grade.

Service Delivery. The planned structure contains two features which are innovative departures from the current system of managing capital projects and building operations and maintenance.

The first is the creation of the new position of Building Complex Manager as a one-stop authority for all tenants in a building to resolve any facility operation, maintenance and alteration issues. He or she will provide on-site coordination and oversight of all FMD services to tenants of a major building complex or group of county facilities in proximity to one another, between 600,000 and 1 million square feet in size. These services will include building crafts, general maintenance, custodial, automotive repair, and other routine services. Except for the inclusion of automotive services, this concept is borrowed from major private sector property managers.

The Building Complex Manager concept is an innovation based on private sector models which is designed to support the primary department objective of improving the delivery of service to tenant departments.

- It provides for a concept of a new form of delivery of service where clients need deal only with one contact in order to get desired service.
- Building managers would be the primary client contact and have the primary responsibility for providing each client with tenant services.

The second innovation is the creation of a centralized authority to control planning and resource allocation. The Program, Project and Production Management branch will provide the program coordination and evaluation which are critical for the success of major projects such as capital projects. In addition, it will provide a production control function to

allocate resources, plan, schedule, and supervise building craft projects estimated to cost over \$2,500.

The work of keeping county facilities in habitable and useful condition will depend on the effectiveness of the Building Complex Managers and the Production Control function. Therefore, in January, 1986, the department initiated a pilot program for them in the Northeast Zone of the East Region (Glendale and San Gabriel Valley), which is comprised of 171 facilities. The department has not set a completion date for this pilot, although it has already expanded it to the entire East Region, representing approximately one third of the county's facilities.

The Department recently estimated that 36 Building Complex Managers will be needed to staff the entire county. It has proposed two levels of positions, at annual salaries of \$28,200 and \$30,600 respectively. Their total cost, including benefits, will be approximately \$1.3 million. Production Control is already budgeted at a cost of \$1.1 million (salaries and benefits) for its 22 positions.

According to the department's draft procedures, Production Control will roughly estimate the cost of each job. If it is under \$2,500, the required services will be provided from the regional pool of workers and will be coordinated by the Building Complex Manager. Production Control will estimate, plan, schedule, coordinate, monitor and inspect jobs over \$2,500 in cost. Production Control will have the authority to initiate contracting, but the Building Complex Manager will not. The process may lead to some duplication of effort and may discourage the use of alternative service providers, i.e., contractors.

Whether a job is coordinated by the Building Complex Manager or by Production Control, the complex manager will have to monitor progress and keep informed of activities to ensure coordination with the building occupants when needed. It appears that some duplication in estimating, scheduling, coordinating, monitoring, inspecting and record-keeping may occur between the Building Complex Manager and Production Control, thus creating unnecessary staff costs.

In addition, if the workers budgeted to the regions are fully occupied, additional workers are to be supplied by the centralized Building and Auto Crafts Division of the department. This division's management will have to coordinate its own commitment of resources in response to the multiple demands it receives and will monitor progress in order to plan ahead and evaluate staff. This introduces yet a third point of scheduling, coordination, monitoring and record-keeping.

The Building Complex Manager function, as widely used in the private sector, promotes the economies which are due to competition. The manager is authorized to purchase facilities services from the most cost-effective providers. The Building Complex Manager function proposed by Facilities Management will tend to reduce competition in the provision of facilities services because he will not be authorized to use private vendors. The convenience of turning a problem or need over to the complex manager, and the necessity for both occupants and service providers to coordinate with him, will discourage the utilization of other providers. Competition will be encouraged, however, if the manager has the authority to purchase services from the private sector as well as from regionalized and centralized FMD crafts and shops.

The department is using this function as an affirmative action promotional opportunity for staff. The current scope of the job is geared to the capabilities of the individuals selected. The department's intention is to expand the job as the incumbents become better trained and more experienced.

In its "Consolidation Report No. 3", dated July 17, 1986, FMD indicates the following results to date:

"Preliminary indications are that client departments have been reacting quite favorably to the pilot program during the first six months of operation. Clients have been delighted at the speed with which day-to-day maintenance problems have been attended to and appreciate the frequent presence of General Maintenance Workers and visits by Building Complex Managers. Many letters of commendation and appreciation have been received and placed on file, all supporting the new service delivery concept. We also recognize from early observations that several areas exist where refinement of processes remain necessary."

Our interviews in eight of the departments which have facilities located in the pilot area have indicated that top management, in some cases, is unaware of the new system being piloted, and that others find it a convenience but not one for which they would be willing to pay. The system does not eliminate problems of:

- delay in processing and assigning work orders;
- inadequate coordination with other support departments such as Data Processing;
- failure to perform work for which funds have been encumbered;
- billings in excess of job estimates;
- inability to explain the components of a bill;
- generally high level of costs.

Our interviews revealed a high level of dissatisfaction by client departments in the areas of response time and financial control. In our view, these are procedural and policy issues that must be addressed by the CAO, the Purchasing Agent and the Auditor-Controller, as well as by FMD. They include, for example:

- permission to use private vendors for jobs estimated at \$10,000 or less when FMD cannot meet the customer's need within the time frame specified by the customer and when funds are available;
- ability to use blanket purchase orders for services costing up to \$2,500 rather than \$500;
- cancellation of work and release of funds for other jobs or for return to the customer if the customer cancels a job order prior to initiation of work;
- prompt reporting of a job's completion and of the total billing; and
- limitation of billing to the amount originally estimated.

The County's present procedures, as implemented in FMD, are a continuing source of client dissatisfaction. For example, many departments cited situations in which funds were encumbered for work to be performed by FMD that was never performed, thus creating an unproductive loss in the client department's accounts. Moreover, even when FMD will permit clients to seek the help of contractors because FMD cannot respond, the Purchasing Agent may block prompt action because the purchase would exceed \$500.

The Purchasing Agent is authorized to purchase all goods and to purchase services up to \$25,000 in value. He authorizes departments to use "blanket purchase orders" for goods or services up to \$500 in value. The value established by FMD as the line between minor and major jobs (i.e., between those which the Building Complex Manager may execute and those which require a detailed estimate by Production Control) is \$2,500. FMD staff reports that this figure was determined as a result of a study of actual work orders. Input from departments indicates that it would be desirable to increase the limit on services obtained by blanket purchase order to the same \$2,500.

Much can be accomplished by adopting innovative strategies such as contracts based on hourly or task rates, which qualify contractors to be utilized on an as-needed basis. Other changes, such as in thresholds for purchasing decisions, may require amendments to the county code. Statutory constraints must be observed or their modification sought. The assistance of the County Counsel will be needed to identify existing legal requirements and develop appropriate modifications.

These issues, while not strictly organizational, tend to be included in any client department's evaluation of the effectiveness of the new department. The coordination with the CAO and the other central staff departments should improve after the FMD is assigned to the CAO as a responsibility. The CAO is in a better position than FMD has been to convince the Purchasing Agent and other policy makers to establish new and more flexible systems for coordinating the work with client departments.

Human Resources. The service delivery structure which the department is piloting significantly enhances the advancement opportunities of those employees, predominantly minority, who occupy custodial and general maintenance positions.

Supervisors in these series now have opportunities to become Building Complex Managers. Several of them have already been selected for this position and are acting out of class, pending CAO approval of the position funding and salary level. The duties are sufficiently varied and potentially complex that the experience gained will qualify individuals for advancement to higher levels of administration and management. A career ladder leads from Building Complex Manager through Zone Manager and Regional Facilities Manager to Regional Manager, which is at the Deputy Director level and can in turn lead to higher management positions.

Individuals who are acting in the Building Complex Manager capacity are participating on their own time in a Department-sponsored training program. It is based in large part on an existing program for Deputy District Directors of the Department of Public Social Services.

The service delivery pilot also includes expansion of the duties of general maintenance workers. They will henceforth perform a wider variety of minor repair and alteration tasks which previously required the dispatch of a fully-qualified craft worker such as a plumber, carpenter, or electrician. This job enhancement is accompanied by on-the-job (i.e., apprenticeship) training with craft employees who are currently performing these tasks. General maintenance workers who display the necessary aptitudes will be offered opportunities to be trained and promoted to craft classifications, which pay considerably more than their current salaries.

The upward mobility thus provided for supervisors and general maintenance workers will in turn create opportunities for advancement by lower-paid employees, such as custodial staff.

The Department's planned organization structure makes management titles uniform at the level of Division Chief and above. Thus the framework will exist for the development of generic

managers who will be capable of success at higher levels of executive responsibility. A carefully planned program of training and rotation should be implemented to fulfill the promise of this structural opportunity.

Full Cost Recovery. Non-recovery of costs is partially responsible for the Facilities Management Department's over-expenditure of its planned Net County Cost by \$3.0 million in fiscal year 1985-86. Although the causes of this are still being investigated, it appears to have occurred primarily as a result of both excess staffing (\$1.7 million) and under-realization of planned cost recovery (\$1.3 million). The department's 1986-87 budget assumed that the 1985-86 targets would be achieved. Failure to achieve them has left the 1986-87 budget under-financed by \$3.0 million. Higher staffing levels than budgeted, in response to unexpected service demands, would not create a problem of increased net county cost if the department recovered its costs from its customers. Moreover, the customers might pay closer attention to planning.

We believe four years is enough time to have implemented a cost accounting system and developed staff capability in cost accounting. Whereas the consolidation diverted some management and staff attention from ongoing efforts such as this, it also provided an increase in resources to accomplish such administrative projects. Establishing an internal service fund will force the issue of properly allocating facility costs to the public service programs generating demand for those costs. It will focus accountability for results on the CAO / Director of Property Management, and it will heighten the visibility of management and control issues.

The Director of Facilities Management recently secured a consultant's services to produce a long range information systems plan. He also has more recently secured the services of the same consultant to assist in defining the requirements for cost accounting.

We concur fully with both actions. However, we stress, as we have in the past, that the county has supplied the department with useful information systems supporting cost accounting.

Although these systems (FIRM) do not perform to contemporary data processing standards, they work and they are a sound basis for gaining experience in the discipline required for using cost information. In the interim, over the time it will take to complete requirements analysis and acquire new systems, it is imperative for the department to use the systems it now has. Doing so not only will discharge its responsibility to comply with Board orders dating back more than four years, but also will provide useful experience on which to base the new requirements analysis.

The task force strongly affirms our past recommendation that all facilities management functions be placed on a full cost recovery discipline. We believe implementation of this concept will be most effective by segregating the property management finances in a separate internal services fund, rather than by budgeting them in the general fund with zero net county cost. We propose that the CAO adopt it as a top priority once the Board has transferred authority to him to manage the facilities program.

The county has ample experience with the budgeting and accounting of internal service funds, since enterprise funds, such as the hospitals, are structured in the same manner.

The basis already exists for budgeting the anticipated operating costs of the Facilities Management Department's components in fiscal 1987-88 to its customers. Each year the Auditor-Controller allocates to each county department and district its share of the total costs actually incurred by FMD. His methodology is realistic and has been refined over a long period. The historical information thus generated can be applied to FMD's estimated future operating budget.

The basis for billing all customers also exists. Existing mechanisms which FMD employs to bill subvented departments for services rendered segregate the direct charges which are billable to all customers and add the appropriate overheads.

One source of charges which the billing mechanisms do not presently allocate to customers consists of direct charges (i.e., labor and materials) which FMD incurs on behalf of its

own space and equipment. However, the Auditor-Controller's methodology for allocating all FMD costs to customers takes these charges into account. It provides the logic and accounting method for allocating them to each customer as they are estimated or incurred.

We conclude that what is primarily needed to actually bill for full cost recovery is a budget policy change rather than significant improvements of system capability.

In summary, the establishment of a separate internal service fund for facilities services and full billing of charges to customers will:

- encourage customer departments to plan and economize in their demands for services;
- increase the visibility of service costs, thus providing a spur to efficient operation.

The information and methodologies already exist for budgeting, accounting for, and billing facilities management costs to the budgets of customer departments. Therefore, early implementation appears feasible.

The CAO Finance Division and the Auditor-Controller will have to work closely with the facilities management function to identify and schedule the tasks which must be performed to implement full cost recovery. Their completion must be closely monitored by the CAO to prevent unnecessary delays.

### Conclusion

The task force concludes that the Facilities Management Department has made substantial progress in achieving the objectives expected from consolidation. However, more remains to be done. In particular:

- high priority must be given to completing the work on the Building Complex Manager concept, including work influenced by policies of the Purchasing Agent, the Auditor-Controller and the Human Resources Division of the CAO;

- the functions currently performed by the Facilities Management Department should be budgeted to recover from customer departments the full cost of operations;
- effort is needed to continue reducing management and support staff;
- some creative and humane assistance must be provided to the managers and staff who have been or will be displaced; and
- more attention is needed to comprehensive training and development, especially of managers.

## CAO Asset Development Division, 1986-87

	POSITIONS					S&EB (\$1,000)
	Mgt.	Supv.	Prof.	Secr.	TOTAL	
Administration	2			1	3	\$258
Asset Management		2	4	3	9	\$486
Space Management		2	6	1	9	\$552
Energy Management		1	2	1	4	\$188
TOTAL	2	5	12	6	25	\$1,484

Facilities Management Department, 1986-87  
Asset/Space/Energy Management Functions

	POSITIONS					S&EB (\$1,000)
	Mgt.	Supv.	Prof.	Secr.	TOTAL	
Executive Admin.	1		1	1	3	\$173
<u>DESIGN AND CONSTRUCTION BRANCH</u>						
Administration	1			1	2	\$129
Program Management Division						
Administration	1			1	2	\$106
Program Coord.		Not budgeted				
Property Devel.		Not budgeted				
Energy Mgt.		1	7	1	9	\$478
Project Management Division						
Administration	2			3	5	\$242
Project Mgt.		2	16	7	25	\$1,246
Inspection		1	23	1	25	\$1,183
Mgt. Services		1	6	1	8	\$395
Architect/Engineer Division						
Administration	2		1	3	6	\$282
Arch. Planning		6	6		12	\$667
Basic Arch. Svcs.		4	12	2	18	\$869
Engrg. Consult.		3	11		14	\$828
<u>REAL PROPERTY BRANCH</u>						
Administration	1			1	2	\$129
Valuation/Acquisition Division						
Administration	1			1	2	\$117
Cap. Proj. Acq.		1	3		4	\$210
Right of Way Acq.		2	6	4	12	\$479
Valuation		4	17	2	23	\$1,140
Title		5	7	2	14	\$592
Right of Way Eng.		3	9	1	13	\$576
Relocation		1	7	1	9	\$441
Leasing/Revenue Properties Division						
Administration	1			1	2	\$125
Revenue Properties		2	7	1	10	\$466
Lease/Management		1	6	3	10	\$434
Film Franchise		1	7	1	9	\$419
Escrow/Sp. Svcs.		2	4	1	7	\$310
Space Management Division						
Administration	1			1	2	\$100
Analysis/Planning		1	13	1	15	\$699
Property Planning		1	9	1	11	\$457
FMD TOTAL	11	42	178	43	274	\$13,293
COUNTY TOTAL	13	47	190	49	299	\$14,777

SOURCES: Position spreadsheets provided by CAO and FMD.



FACILITIES MANAGEMENT DEPARTMENTFINANCES, STAFFING AND COST RECOVERY  
BEFORE AND AFTER CONSOLIDATION

	<u>1984-85</u>	<u>1986-87</u>	<u>CHANGE</u>	
			<u>NUMBER</u>	<u>PERCENT</u>
<u>SALARIES AND BENEFITS:</u>				
Management	\$ 8,057,314	\$ 6,823,842	\$ -1,233,472	-15.3 %
Supervision of				
Support Workers	1,392,814	1,955,268	562,455	+40.4 %
Support Workers	9,825,265	12,793,476	2,968,210	+30.2 %
Supervision of				
Mission Workers	15,007,509	15,555,237	547,728	+ 3.6 %
SUB-TOTAL MGT., SUPV. &				
SUPPORT	34,282,902	37,127,822	2,844,921	+ 8.3 %
Mission Workers	85,038,358	89,801,460	4,763,101	+ 5.6 %
TOTAL	\$ 119,321,260	\$ 126,929,282	\$ 7,608,022	+ 6.4 %

NUMBER OF POSITIONS:

Management	139	100	-39	-28.1 %
Supervision of				
Support Workers	39	42	3	+ 7.7 %
Support Workers	360	421	61	+16.9 %
Supervision of				
Mission Workers	428	408	-20	- 4.7 %
SUB-TOTAL MGT., SUPV. &				
SUPPORT	966	971	5	+ 0.5 %
Mission Workers	2976	2733	-243	- 8.2 %
TOTAL	3942	3704	-238	- 6.0 %

RATIOS:

Mission Workers to			
Managers	21.4:1	27.3:1	6.2:1
Mission Supervisors	7.0:1	6.7:1	12.2:1
Total Mgt., Supv. & Suppt.	3.1:1	2.8:1	

COST RECOVERY:

Departmental Appro-				
priation	\$ 165,810,975	\$ 178,441,610	\$ 12,630,635	+ 7.6 %
Allocated from other				
Budgets	15,861,370	14,103,245	-1,758,125	-11.1 %
General County Overhead	1,095,484	1,161,045	65,561	+ 6.0 %
TOTAL OPERATING COSTS	182,767,829	193,705,900	10,938,071	+ 6.0 %
Costs Recovered	\$ 106,702,328	\$ 117,828,381	\$ 11,126,053	+10.4 %
Percentage of Total				
Costs	58 %	61 %		

Sources: Budget documents and working papers supplied by the Finance Division of the Chief Administrative Office and by the Facilities Management Department.



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